

# Agenda Report

June 20, 2011

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Water and Power  
**SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH AIRGAS SPECIALTY PRODUCTS TO FURNISH AND DELIVER AMMONIUM HYDROXIDE FOR PASADENA WATER AND POWER**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the authorization to enter into a contract with Airgas Specialty Products for the delivery of ammonium hydroxide for Pasadena Water and Power is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Existing Facilities;
2. Accept the bid dated May 17, 2011 submitted by Airgas Specialty Products in response to Specifications LD-11-2 for furnishing and delivery of ammonium hydroxide for Pasadena Water and Power; and
3. Authorize the issuance of Purchase Order Contract for an amount not-to-exceed \$300,000 for a period of four years and authorize the City Manager to extend the contract annually for two subsequent years at an expected extension of \$75,000 per year.

## **BACKGROUND:**

Ammonium hydroxide is a chemical product used in the air pollution control equipment at the Broadway and Glenarm Power Plants to meet the air quality standards set by the South Coast Air Quality Management District (SCAQMD). It is essential to have a steady supply of ammonium hydroxide during normal operation of power generating units in order to ensure compliance with SCAQMD air quality regulations.

The Pasadena Department of Water and Power prepared the specifications for the subject project in accordance with the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal Code, Chapter 4.08.

On May 5, 2011 a Notice Inviting Bids for furnishing and delivering ammonium hydroxide was published in the Pasadena Star News and posted on the City's website. Bid packets were obtained by three prospective bidders, and two attended the mandatory pre-bid conference and job walk.

Following advertising, two bids were received on May 17, 2011, and are as follows:

<u>Bidders</u>	<u>Bid Prices</u>
Airgas Specialty Products, Lawrenceville, GA	\$268,457
Hill Brothers Chemical Co., Brea, CA	Non-responsive

Airgas Specialty Products is the lowest responsive bidder and is recommended for the award of the contract. Hill Brothers Chemical Co. submitted a bid which did not include a previously issued addendum to the specifications and was therefore deemed non-responsive.

The proposed contract of \$300,000 is based on the annual consumption of the plant, the unit price per ton submitted in the bid to furnish and deliver ammonium hydroxide and anticipated increases in the Consumer Price Index over the duration of the initial four-year contract. The term of the contract is for four years or after expending the contract amount. The contract has two optional one-year extension periods subject to the approval of the City Manager, with an expected maximum cost of \$75,000 per year, or \$150,000 for both years of the extension period. For both the initial contract term and extension periods of the contract, the unit prices are subject to annual increase that will not exceed the change in Consumer Price Index.

#### **COUNCIL POLICY CONSIDERATION**

The proposed contract supports the City Council's Strategic Goal to effectively manage and improve infrastructure to deliver reliable water and power services.

#### **ENVIRONMENTAL ANALYSIS:**

The project has been determined to be exempt from CEQA per Section 15301, Existing Facilities. Section 15301 allows for the operation, repair and maintenance etc. of existing private and public facilities that involve negligible or no expansion of the use. The continued delivery of ammonium hydroxide is required for the continued operation of the generating plant and does not require any expansion of the facility or the capacity of the facility.

**FISCAL IMPACT:**

Sufficient funding is available in the Power Operating Fund 401, under (Materials and Supplies) account numbers 8101-401-841200-0548 and 8101-401-841200-0502.

Respectfully submitted,



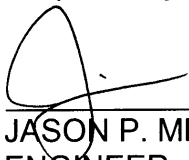
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