



Agenda Report

October 21, 2019

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH JCI JONES CHEMICALS, INC. TO FURNISH AND DELIVER LIQUEFIED CHLORINE GAS FOR AN AMOUNT NOT TO EXCEED \$381,024 FOR AN INITIAL THREE YEARS FOR THE WATER AND POWER DEPARTMENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act ("CEQA") pursuant to Section 21065 of CEQA Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
2. Accept the bid dated July 23, 2019 submitted by JCI Jones Chemicals, Inc. ("JCI") in response to Specification WD-19-07, to furnish and deliver liquefied chlorine gas for the Water and Power Department ("PWP"); reject all other bids received, and authorize the City Manager to enter into a purchase order contract with JCI for an amount not-to-exceed \$381,024 for three years; and
3. Authorize the City Manager to extend the purchase order for three optional one-year terms not to exceed \$127,008 per year, allowing for a unit price increase that shall not exceed the change in the rate of the current Producer Price Index (PPI). If the three additional one-year terms are exercised, the total purchase order amount is \$762,048 for a maximum duration of six years.

BACKGROUND:

Liquefied chlorine gas is regularly used for disinfection of water at wells and reservoirs throughout the water service area. The product is delivered in 150 pound cylinders. It is essential to have a reliable supply of liquefied chlorine gas to ensure PWP customers have safe drinking water and to remain in compliance with drinking water regulations. Procuring services of a qualified vendor to furnish and deliver liquefied chlorine gas cylinders is an essential requirement of a water utility.

On July 10, 2019, a Notice Inviting Bids to furnish and deliver liquefied chlorine gas was posted online through Planet Bids. One bid was received on July 23, 2019, as follows:

Bidder	Grand Total Price
JCI Jones Chemicals, Inc., Torrance, CA	\$127,008

The bid was evaluated by multiplying each unit price by the corresponding estimated annual quantity to determine the item total. The total amount and sales tax are summed to determine the grand total price.

Liquefied chlorine gas is distributed by only a few companies in the Southern California area. JCI's bid was the only responsive and responsible bidder that met all of the requirements in the specification. PWP staff compared the one bid received to the same type of liquefied chlorine gas cylinders purchased in the past and determined that JCI's price submitted was competitive.

It is recommended that the City Council award a purchase order contract to JCI for an amount not to exceed \$381,024 for three years. The contract would have three optional one-year extensions of \$127,008 each subject to the approval of the City Manager. Water Distribution staff in the Water Services Division will monitor the purchase order contract spending.

The proposed purchase order contract complies with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08, and the rules and regulations promulgated thereunder.

JCI has been awarded seventeen purchase orders since 2001 for liquefied chlorine gas delivery service for PWP with total value of \$597,068, and was awarded a competitively-bid purchase order contract in fiscal year 2014 to furnish and deliver liquefied chlorine gas with a value of \$75,151 per year for the past five years. The proposed contract will replace the existing annual purchase order contract, which will expire on March 18, 2020.

COUNCIL POLICY CONSIDERATION:

The proposed purchase order contract is consistent with the City Council Strategic Planning Goal to effectively manage, improve, and maintain public facilities and infrastructure to deliver reliable water and power services.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The acceptance of a bid for the continued delivery of liquefied chlorine gas for existing water treatment facilities is a continuing administrative and maintenance activity (i.e., purchasing of supplies). This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The total cost of this action would be \$762,048 for the initial three years plus three additional one-year terms, if exercised. Funding for this action will be addressed by the utilization of FY2020 and future budgeted appropriations in the Water Operation Fund under account no. 49507440-810100. It is anticipated that \$42,336 of the cost will be spent during the current fiscal year. Assuming that the optional three-year extension are exercised, the remaining \$719,712 will be spent over the next six fiscal years. The anticipated impact to other operational programs or capital project as a result of this action will be none.

The following table presents the purchase order contract summary:

Initial three-year purchase order contract amount	\$381,024
Optional three-year extensions	\$381,024
Total amount of purchase order contract	\$762,048

Respectfully submitted,



GURCHARAN S. BAWA
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Approved by:



STEVE MERMELL
City Manager