



# Agenda Report

June 13, 2016

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH CALGON CARBON CORPORATION TO FURNISH AND DELIVER ION EXCHANGE RESIN AND GRANULAR ACTIVATED CARBON FOR THE MONK HILL TREATMENT PLANT FOR THE PASADENA WATER AND POWER DEPARTMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Sections 15301 (Existing Facilities); and
2. Authorize the Interim City Manager to enter into a purchase order contract without competitive bidding pursuant to the City Charter Section 1002 (F), Contracts for Professional or Unique Services, with Calgon Carbon Corporation ("Calgon") to furnish and deliver ion exchange ("IX") resin and granular activated carbon ("GAC") for the Monk Hill Treatment Plant for an amount not to exceed \$583,807 for an initial period of one year, or until funds are expended, whichever occurs first, with an option for two additional one-year terms, each year not to exceed \$583,807, or until the funds are expended, whichever occurs first. If the two additional one-year terms are exercised, the total contract amount will be \$1,751,421.

## **BACKGROUND:**

Pasadena Water and Power ("PWP") owns four groundwater wells in the northwest region of Pasadena. The four wells, collectively known as the Monk Hill Wells, are Arroyo Well, Well 52, Windsor Well, and Ventura Well. Water from the Monk Hill Wells contains volatile organic compounds ("VOCs") and perchlorate which has been attributed to disposal practices by the Jet Propulsion Laboratory ("JPL"), which is managed by the National Aeronautics and Space Administration ("NASA") and owned by the California Institute of Technology ("Caltech").

On January 23, 2006, the City and Caltech entered into Contract No. 18,989 which provided a funding mechanism for the City to construct and operate a treatment system for the removal of VOCs and perchlorate. Under this contract, all costs associated with the operation and maintenance of the MHTP is fully reimbursable until such time as the groundwater cleanup is no longer necessary.

On October 31, 2008, the City and Calgon entered into Contract No. 19,780 whereby Calgon would construct a 7,000 gallon per minute treatment system to remove VOCs and perchlorate. The treatment system, known as the Monk Hill Treatment Plant, was installed and became operational in Fiscal Year 2011. The plant consists of four pairs of IX vessels for perchlorate removal, five pairs of liquid granular activated carbon ("LGAC") vessels to remove VOCs, and a disinfection facility. Arroyo Well is currently the only well in service; however, additional wells may be brought on-line in the future depending on groundwater levels.

Contract No. 19,780, which expired on June 30, 2013, included a 36-month equipment lease period that began when the equipment was installed, tested and verified operational, as well as media replacement services for the IX and LGAC vessels. The contract was amended on June 4, 2013 to extend the equipment lease period and media replacement services until December 31, 2015. The amendment also included an option to purchase the treatment equipment at the end of the lease period, which PWP chose to exercise in January 2016.

A Request for Proposals ("RFP") for furnishing and delivery of IX resin and GAC was posted online through Planet Bids on February 22, 2016. Eighteen contractors, none of which were local, received the RFP. There are no known IX resin and GAC suppliers in Pasadena. Six contractors attended the mandatory pre-bid meeting on March 2, 2016 and three responsive proposals were received on March 16, 2016.

Evaluation of the proposals was based on the following criteria: 1) experience, qualifications, references and technical proposal, 2) ability to perform, responsiveness, and corporate strength, 3) best value/cost effectiveness, 4) local Pasadena business, and 5) small/micro business preference. Staff reviewed the proposals in accordance with the evaluation criteria set forth in the RFP. A summary of the proposal evaluations is included in Attachment A. Based on the results of the evaluation, Calgon received the highest final score.

The results of the proposal evaluations were as follows:

<u>Contractors</u>	<u>Final Score</u>
Calgon Carbon Corporation, Santa Fe Springs	65.1
Carbon Activated Corporation, Compton	55.6
Evoqua, Los Angeles	41.9

Staff recommends that the City Council award a purchase order contract to Calgon Carbon Corporation in the amount of \$583,807, which includes the base cost of \$503,807 and a contingency of \$80,000 (approximately 16% of the base cost) to cover the cost and service for a single change out for the IX resin.

PWP administered Contract Numbers 19,780 and 19,780-1 with Calgon from October 31, 2008 to December 31, 2015 to provide a treatment system for a total value of \$18,184,798. Under these contracts, PWP paid a total of \$13,490,807, which included \$5,991,670 for media services to remove VOCs and perchlorate.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract supports the City Council Strategic Goals in that the operation of the treatment plant is consistent with the General Land Use Designation Objective 18 (Improved Environment), which calls to improve the quality of the environment for Pasadena and the region. Element Policy 18.4 (Water Quality) requires defining appropriate standards to improve water quality. In addition, operating the treatment plant is consistent with Element Policy 7.4 (Infrastructure Improvements) which encourages improvements related to upgrading the water supply system and supports the City's commitment to sustainability and environmental stewardship. The treatment plant reinforces the United Nations Urban Environmental Accords Action 19 - Develop Policies to Increase Adequate Access to Safe Drinking Water and Action 20 - Protect the Ecological Integrity of the City's Primary Drinking Water Resources. Because the City receives 40% of its water supply from local groundwater, treatment of this water source is critical in compliance with the City's drinking water permit.

**ENVIRONMENTAL ANALYSIS:**

This action is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 (Class 1 - Existing Facilities). The Class 1 categorical exemption covers the operation, repair, maintenance, permitting, leasing, licensing, and minor alteration of existing public or private structures, facilities, and mechanical equipment involving negligible or no expansion of use. Section 15301 Part (b) specifically notes that this categorical exemption applies to existing publically owned utilities. The proposed work is necessary to maintain current operation of the facility and will not expand the capacity of the system.

**FISCAL IMPACT:**

The total cost of this action will be \$1,751,421 if the two additional one-year terms are exercised. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Water Operating Budget Fund 402 (Account No. 06503-50341-49007440-811404). It is anticipated that \$583,807 of the cost will be spent in fiscal year 2017. The remainder of the costs will be spent over the next two fiscal years. All operating expenditures under this action item are fully reimbursable under Contract No. 18,989 with Caltech.

The following table presents the contract summary:

First-year contract amount	\$583,807
Optional two year extensions	\$1,167,614
Total amount of contract	\$1,751,421

Respectfully submitted,



SHARI M. THOMAS  
Interim General Manager  
Water and Power Department

Prepared by:



Michele Carina  
Principal Engineer

Approved by:



STEVE MERMELL  
Interim City Manager

Attachment A – Proposal Evaluation