

# Agenda Report

October 30, 2023

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A SERVICE CONTRACT IN THE AMOUNT OF \$219,468 WITH ARGO CHEMICAL, INC. TO FURNISH AND DELIVER AMMONIUM HYDROXIDE FOR THE GLENARM POWER PLANT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Class 1 – Existing Facilities), and that there are no features that distinguish this project from others in the exempt class and as such there are no unusual circumstances; and
2. Accept the bid dated August 14, 2023, submitted by Argo Chemical, Inc. in response to Specification for Furnishing and Delivering of Ammonium Hydroxide for Glenarm Power Plant ("Plant"); reject all other bids received; and authorize the City Manager to enter into a contract with Argo Chemical, Inc. for a period of five years or not to exceed \$156,764, whichever comes first, with two optional one-year extensions of \$31,352 for each year, subject to approval by the City Manager; for a total value of \$219,468.

## **BACKGROUND:**

The City of Pasadena's ("City") Plant includes five natural-gas fueled combustion turbines (GT1, GT2, GT3, GT4 and GT5) equipped with generators that produce electrical power. Ammonium hydroxide (aqueous ammonia) is a chemical product used in the air pollution control equipment at the Plant to meet the air quality standards set by the South Coast Air Quality Management District ("SCAQMD"). Ammonium hydroxide is mixed with exhaust gas and creates a chemical reaction that reduces the amount of air pollutant leaving the exhaust stack. It is essential to have a steady supply of ammonium hydroxide during the regular operation of power generating units in order to ensure compliance with SCAQMD air quality regulations.

The availability of the generating units is essential to maintaining the reliability of the City's electrical system during the normal course of business and especially during

California Independent Service Operator's ("CAISO") requirements for resource adequacy. Not having a ready supply of ammonium hydroxide would result in having to place the units in an extended outage. The result would impact the reliability of the electrical system and would impact the City's revenue.

On July 19, 2023, a Notice Inviting Bids for the Specifications to Furnish and Deliver of Ammonium Hydroxide for Glenarm Power was published in *The Pasadena Journal* and *Pasadena Press*. The invitation was also posted on OpenGov, which generated notices to all vendors who have previously registered with the City for this particular commodity class. A total of 11 vendors downloaded the specifications, of which none were local. Staff conducted research and did not find any other local vendors that provide these services. A total of three bids were received by the bid opening date of August 14, 2023, with no bids received from local vendors. The responsive bid results are shown below in Table 1:

**Table 1**

<b>Vendor</b>	<b>Location</b>	<b>Bid Amount</b>
Argo Chemical, Inc.	Bakersfield, CA	\$156,764
Hill Brothers Chemical Company	Brea, CA	\$175,330
Airgas Specialty Products, Inc.	Lawrenceville, GA	\$198,915

Argo submitted the lowest responsive and responsible bid, which complies with all requirements of the specifications. PWP staff recommends that the City Council authorize the City Manager to enter into a contract with Argo. for a period of five years or an amount not to exceed \$156,764, whichever comes first, with two additional one-year options, each not to exceed \$31,352, subject to the approval of the City Manager. If both options are exercised, the maximum value of the contract would be \$219,468.

Since 2016, Argo has been awarded two contracts and three purchase orders with the City to furnish and deliver 19% Aqua Ammonia for use in the treatment of municipal water supply, collectively valued at \$101,987.

The proposed contract complies with the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal Code, Chapter 4.08 and the Living Wage Ordinance, Pasadena Municipal Code 4.11.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract is consistent with the Public Facilities Element of the General Plan and supports the Council's goal to improve, maintain and enhance public facilities infrastructures; to provide high level of public service which adds to the quality of life in the City and increase its attractiveness through more efficient management of resources.

**ENVIRONMENTAL ANALYSIS:**

The proposed contract is exempt from CEQA pursuant to State CEQA Guidelines Section 15301 (Class 1 – Existing Facilities). Class 1 exempts actions (such as maintenance,

repair, operation, etc.) relating to existing facilities where there is negligible or no expansion of an existing or former use. The proposed contract would allow for the operation, repair and maintenance of an existing Water and Power facility. There would be no expansion of use. There are no features that distinguish this project from others in the exempt class and, therefore, there are no unusual circumstances.

**FISCAL IMPACT:**

The maximum cost of this action will be \$219,468 including two optional one-year contract extensions. Funding for this action will be addressed by the utilization of existing budgeted appropriations and future appropriations in the Power Operating Fund 401 (44205480-810100). It is anticipated that \$31,352 of the cost will be spent in the current fiscal year. The remainder of the costs will be spent over the next six fiscal years if the contract extension options are exercised. A contract summary is presented in Table 2:

**Table 2**

<b>Contract</b>	<b>Term</b>	<b>Total</b>
Base	5 Years	\$156,764
Option 1	1 Year	\$31,352
Option 2	1 Year	\$31,352
<b>Total</b>	<b>7 Years</b>	<b>\$219,468</b>

There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



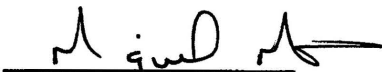
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