



# Agenda Report

April 30, 2018

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH HILL BROTHERS CHEMICAL COMPANY TO FURNISH AND DELIVER AMMONIUM HYDROXIDE FOR GLENARM POWER PLANT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the authorization to enter into a contract with Hill Brothers Chemical Company ("Hill Brothers") is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301, Existing Facilities;
2. Accept the bid dated January 24, 2018, submitted by Hill Brothers in response to Specifications to Furnish and Deliver Ammonium Hydroxide for Glenarm Plant; reject all other bids; and authorize the issuance of a purchase order contract with Hill Brothers Chemical Company in an amount not to exceed \$440,200 which includes \$314,400 over a period of five years; and an optional two-year extension not to exceed \$125,800, subject to approval by City Manager.

## **BACKGROUND:**

Ammonium hydroxide is a chemical product used in the air pollution control equipment at the Glenarm Power 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.

Specifications for Furnishing and Delivering of Ammonium Hydroxide for the Glenarm Plant were posted on Planet Bids and a Notice Inviting Bids was published in the Pasadena Journal. Of the four prospective vendors that attended the mandatory pre-bid

conference and job walk, three submitted bids. None of prospective bidders were local and no additional outreach was done since there are no known local providers of ammonium hydroxide.

The following is the summary of bids:

<b><u>Bidder</u></b>	<b><u>Annual Amount (\$)</u></b>
Hill Brothers, Brea, CA	57,168.82
Argo Chemical, Inc., Bakersfield, CA	63,096.63
Airgas Specialty Products, Inc., Lawrenceville, GA	non-responsive

Hill Brothers is the lowest responsive bidder and is recommended for the award of the contract. The bid submitted by Airgas Specialty Products, Inc., was deemed non-responsive for failure to meet the City's contract terms and conditions.

The term of the proposed contract is five-years or \$314,400, whichever occurs first, with one optional two-year extension period not to exceed \$125,800 subject to approval by the City Manager. The contract value is based on the annual consumption of the plant equipment, the per-ton unit price submitted in the bid, and anticipated increases in the Consumer Price Index ("CPI"). After the first year, the vendor may request a price increase. However, no proposed increase shall exceed the CPI.

Hill Brothers has been awarded one purchase order contract in the amount of \$10,000 and is the current provider of ammonium hydroxide for the Glenarm Plant.

The proposed purchase order contract complies with the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal Code Chapter 4.08.

**COUNCIL POLICY CONSIDERATION:**

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

**ENVIRONMENTAL ANALYSIS:**

The furnishing and delivering of ammonium hydroxide by Hill Brothers qualifies for a categorical exemption from CEQA, 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 power generating plant and does not require any expansion of the facility or the capacity of the facility.

**FISCAL IMPACT:**

The total cost of this action, including a two-year optional extension, will be \$440,200. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the Power Operating Budget Fund 401, Account No.44205480-810100.

It is anticipated that approximately \$7,000 of the cost will be spent during the current fiscal year. The remainder of the costs will be spent over the next five fiscal years.

The following table presents a contract summary.

Contract Amount – Initial 5 year term	\$314,400
Optional two-year extension	\$125,800
<b>Total Fiscal Impact</b>	<b>\$440,200</b>

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

Respectfully submitted,



---

GURCHARAN S. BAWA  
General Manager  
Water and Power Department

Prepared by:



---

Wes Stengel  
Associate Engineer  
Power Supply

Approved by:



---

STEVE MERMELL  
City Manager