



**Council Meeting: June 24, 2008**

**SUBJECT: Award of Contract for Liquid Chlorine and Liquid Sulfur Dioxide (F0703-78)**

**REPORT IN BRIEF**

Approval is requested for award of a one-year agreement for liquid chlorine and liquid sulfur dioxide (F0703-78) in the amount of \$419.90 per ton for Liquid Chlorine and \$415.90 per ton for Liquid Sulfur Dioxide to Olin Corporation, Inc. of Walnut Creek, for the Public Works Environmental Services Division Water Pollution Control Plant. The annual estimated cost is \$167,360.

**BACKGROUND**

Liquid chlorine and liquid sulfur dioxide are used in large quantities in the wastewater and recycled water treatment processes at the Water Pollution Control Plant (WPCP). The City buys these chemicals in bulk to reduce unit costs and to generate competitive bids from bulk suppliers.

Both these materials are volatile and create safety risks when stored in bulk. To reduce the risks the WPCP stores the chemicals in one-ton containers, which strikes a balance between improved safety and favorable pricing.

**DISCUSSION**

Bid specifications were prepared by the Environmental Services Division and the Purchasing Division. A Notice Inviting Bids was published on April 25, 2008, in The Sun.

The Invitation For Bids was mailed to potential bidders and two bids were received, and publicly opened and read on May 7, 2008, as follows:

	Est. Tons	Sierra Chemical (\$/Ton)*	Sierra Chemical (Total Cost)*	Olin Corp (\$/Ton)	Olin Corp (Total Cost)
<i>Liquid Chlorine</i>	250	\$ 407.20	\$101,800.00	\$ 419.90	<b>\$ 104,975.00</b>
<i>Liquid Sulfur Dioxide</i>	150	\$ 445.50	\$ 66,825.00	\$ 415.90	<b>\$ 62,385.00</b>
Total Annual Cost			\$ 168,625.00		<b>\$ 167,360.00</b>

Non-responsive\*

The bid from Sierra Chemical (SC) was non-responsive because the price was not all-inclusive. SC's prices required the addition of a pesticide tax, a regulatory compliance fee, a fuel surcharge, and a fee of 1.85% for invoices exceeding \$501.00. Additionally, SC's price was not firm for the full contract period. Therefore, staff recommends awarding the one-year contract to Olin Corporation, the lowest overall responsive and responsible bidder, with an all-inclusive delivered price that is firm for the contract period.

### **FISCAL IMPACT**

Market prices for liquid sulfur dioxide have increased, and this year's price is \$31.40/ton more than last year. The total estimated annual increase in cost is \$4,710.00 (7.461%), which is due to an overall increase in market and transportation costs.

The new price for liquid chlorine is \$9.10/ton less than last year, for a total estimated annual decrease in cost of \$2,275.00 (2%). Market prices for liquid chlorine have decreased more than transportation costs have increased, thus reducing the overall cost for liquid chlorine.

Funds are available in Program 344 – Wastewater Treatment. The total net impact from price changes of \$2,435 can be absorbed by the program.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the

agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

**RECOMMENDATION**

It is recommended that Council award a purchase order, in substantially the same form as the attached draft and in the amount of \$419.90 per ton for Liquid Chlorine and \$415.90 per ton for Liquid Sulfur Dioxide for one year from the date of award to Olin Corporation, for an annual estimated cost of \$167,360.

Prepared by:

Mary J. Bradley, Director of Finance

Reviewed by:

Marvin Rose  
Director of Public Works

Approved by:

Amy Chan  
City Manager

**Attachment**

Draft Purchase Order



<b>ORDERED FROM</b> 16904 - 003  Olin Chlor Alkali Products 700 Ygnacio Valley Rd Ste 250 Walnut Creek, CA 94596	9252802600 <b>ORDER DATE</b>	<b>BILL TO:</b>  <b>City of Sunnyvale</b> <b>Finance Department</b> <b>Accounts Payable</b> <b>PO Box 3707</b> <b>Sunnyvale, CA 94088-3707</b>
	<b>EFFECTIVE DATE</b> 6/11/2008	
	<b>EXPIRATION DATE</b> 6/10/2009	
	<b>CONTRACT AMOUNT</b> \$167,360.00	
<b>REQUISITIONING DEPARTMENT</b> (9042) PW/WPCP - Operations	<b>FOB</b> <b>DEST</b>	<b>FREIGHT CHARGES</b> Destination, freight included in price
	<b>PAYMENT TERMS</b> N/30	<b>BID NO</b>

ITEM	DESCRIPTION	UNIT	UNIT COST
1	Liquid Chlorine, in one ton cylinders (estimated usage - 250 tons)	TN	\$419.90
2	Liquid Sulfur Dioxide, in one ton cylinders (estimated usage - 150 tons)  Products to be supplied in accordance with all terms, conditions and specifications of Invitation for Bids No. F0703-78, which opened 5/7/2008 All invoices to show this order number All deliveries to the WPCP facility ONLY Awarded by Council 6/24/2008, RTC # _____ Purchase Requisition # RQ003158 Requisitioner: Jackie Besoyan x7713 Vendor Contact: John Schabacker	TN	\$415.90

<b>AUTHORIZED DEPARTMENT(S)</b>		
NO	DEPT NAME	RELEASE AMT
9042	PW/WPCP - Operations	\$50,000.00

<b>BUYER:</b>	
Gakle, David	
<b>PHONE</b> (408) 730-7403	<b>FAX</b> (408) 730-7710