



Council Meeting: November 16, 2010

SUBJECT: Award of Contract for Liquid Chlorine and Liquid Sulfur Dioxide (F1011-48)

BACKGROUND

Approval is requested to award a one-year contract, in an amount not-to-exceed \$200,000, to Sierra Chemical Company of Sparks, Nevada, for the provision of liquid chlorine and liquid sulfur dioxide for use in the wastewater and recycled water treatment processes at the Water Pollution Control Plant (WPCP).

DISCUSSION

The City buys liquid chlorine and liquid sulfur dioxide in bulk to reduce unit costs. Because both of these materials are volatile and create safety risks when stored in bulk, the WPCP stores the chemicals in one-ton containers, which strikes a balance between improved safety and favorable pricing.

The existing contract to supply these materials was bid in late 2009. Bid specifications were prepared by Public Works and Purchasing staff, three known suppliers (Olin Corp., Sierra Chemical and Univar USA of Kent, WA) were directly notified and the bid document was advertised on the City's Internet site and broadcast to potential suppliers through the Onvia DemandStar public procurement network. Only one bid was received, from Sierra Chemical, and Council awarded a one-year contract in the amount of \$202,748 which expires November 17, 2010 (RTC No. 09-284).

Due to liabilities related to the storage and use of these chemicals, and increasing environmental restrictions in the Bay Area, finding local suppliers has become difficult. Of the two known local suppliers, Sierra Chemicals has relocated their sales and manufacturing to Sparks, Nevada, and Olin Corporation retains a sales office in Walnut Creek but has moved its manufacturing operations to Nevada as well. Recently, WPCP staff learned that Olin has sold its processing equipment to Sierra Chemical and no longer provides these chemicals.

Section 2.08.070(b)(3) of the Sunnyvale Purchasing Ordinance provides for exceptions to the competitive bidding process in situations where solicitations of bids would for any reason be impractical, unavailing or impossible. In this case it would be impractical and unavailing, as Sierra Chemical is the only known local supplier.

FISCAL IMPACT

Budgeted funds are available in operating program 365 – Wastewater Management. Sierra has offered to extend the 2009 pricing for the proposed contract. Liquid Chlorine pricing will be \$459.00/ton, Liquid Sulfur Dioxide will be \$472.21/Ton. Estimated usage by the WPCP is approximately \$200,000 for the contract period.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

RECOMMENDATION

It is recommended that Council award a one-year contract, in substantially the same form as the attached draft purchase order, and in an amount not to exceed \$200,000 to Sierra Chemical Company for Liquid Chlorine and Liquid Sulfur Dioxide as required by the Water Pollution Control Plant.

Reviewed by:

Grace K. Leung, Acting Director, Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Marvin Rose, Director of Public Works

Approved by:

Gary M. Luebbbers
City Manager

Attachments

A. Draft Blanket Purchase Order



ORDERED FROM 07024 - 001 Sierra Chemical Co 2302 Larkin Circle Sparks, NV 89431 DRAFT	ORDER DATE 	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	EFFECTIVE DATE 11/18/2010	
	EXPIRATION DATE 11/17/2011	
	CONTRACT AMOUNT \$200,000.00	
REQUISITIONING DEPARTMENT (9042) DPW/WPCP - Operations	FOB DEST	FREIGHT CHARGES Destination, freight included in price
	PAYMENT TERMS N/30	BID NO

ITEM	DESCRIPTION	UNIT	UNIT COST
1	Liquid Chlorine, one ton cylinder, \$459.00/Ton	TN	\$1.0000
2	Liquid Sulfur Dioxide, one ton cylinder, \$472.21/Ton Total value of this order not to exceed \$200,000.00 All invoices to show this order number Ship to: City of Sunnyvale WPCP 1444 Borregas Avenue Sunnyvale, CA 94089 Awarded by Council 11/16/2010, RTC # _____ This order cancels and replaces BL002082 Purchase Requisition # RQ007347	TN	\$1.0000

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

BUYER:	
Howard, Dreama	
PHONE (408) 730-7396	FAX (408) 730-7710