Council Meeting: May 24, 2011

SUBJECT: Amend an Existing Contract for Polymer Flocculant for the Water Pollution Control Plant (F1004-108)

BACKGROUND
Approval is requested to amend an existing three-year, $3 million contract with Polydyne, Inc. of Riceboro, Georgia for polymer flocculant for the Water Pollution Control Plant by extending the original award for one year due to significant savings achieved over the contract period. Approval is also requested to authorize the City Manager to renew the contract for two additional one-year periods if pricing and service remain acceptable to the City. In light of the cost savings, the annual contract amount will be reduced from $1,000,000 to $850,000 beginning with the FY 2012/2013 renewal period.

DISCUSSION
Polymer flocculant is an organic chemical compound used in the tertiary processing of wastewater at the Water Pollution Control Plant (WPCP). The polymer bonds with dissolved solids in the secondary effluent to create larger particles that settle out of suspension. The solids can then be collected. Removal of suspended solids and turbidity from the wastewater stream is necessary to meet effluent limitations and other requirements of the plant’s discharge permit and standards for disinfected tertiary recycled water.

At its meeting of June 24, 2008, Council awarded a three-year contract, not to exceed $1 million per year for a total of $3 million dollars to Polydyne, Inc. to provide polymer and technical support to the WPCP (RTC No. 08-200). Polydyne was selected as a result of Request for Proposals No. F0703-77, which included extensive prequalification of the polymer products proposed, including actual usage in plant operations for a one week period. Polydyne was selected from three proposals received, including one from Monolyte Laboratories, the previous polymer provider, whose new polymer formulation failed the prequalification process.

As part of the original award, Polydyne offered the City a three-year fixed price contract of $0.90/lb. for polymer, while the previous supplier, Monolyte Laboratories, was charging $1.75 per lb. during FY 2007/2008, or nearly double the cost. Given the uncertainty in the petroleum markets and that polymer is processed almost directly from petroleum, Polydyne has requested a polymer price increase from $0.90/lb to $1.06/lb as part of the one-year contract extension.
The existing contract expires on June 30, 2011, but has a current balance of approximately $1.4 million. The lower than expected costs over the last three years correlates to a significant reduction in the amount of polymer being used in treating wastewater, achieved through WPCP process optimization and exceptional technical support provided by Polydyne. At current usage levels and factoring in the price increase to $1.06/lb., the previous contract award will support at least a one-year contract extension. Should the City decide to renew the contract for FY 2012/2013, the not-to-exceed amount will be reduced at that time to correspond to the current budgeted amount of $850,000.

**FISCAL IMPACT**
Polymer costs are budgeted at approximately $850,000 annually in Program 365, Wastewater Management. Contract expenditures during the FY 2011/2012 extension are not anticipated to exceed this amount (which was reduced from approximately $1 million after savings with the new vendor were achieved).

**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:

1. Amend the existing three (3) year contract with Polydyne, Inc. by extending it by one year, in substantially the same form as the attached blanket order change order and Contract Amendment, with the option of extending for two additional one year periods if pricing and service remain acceptable to the City.

Reviewed by:

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

Reviewed by:

Marvin A. Rose, Director of Public Works
Approved by:

Gary M. Luebbers  
City Manager

**Attachments**

A. Draft Blanket Change Order
B. Draft Amendment to Agreement
## ORDERED FROM
00279 - 001 Polydyne Inc 1 Chemical Plant Rd Riceboro, GA 31323

### ORDER DATE
(600) 848-7659

### EFFECTIVE DATE
7/1/2008

### EXPIRATION DATE
6/30/2011

### CONTRACT AMOUNT
$3,000,000.00

### BILL TO:
City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707

### REQUISITIONING DEPARTMENT
(9040) DPW/Environmental - Admin

### FOB

### FREIGHT CHARGES

### PAYMENT TERMS
N/30

### BID NO

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<td>1</td>
<td>Provide polymer flocculant and related services for the City of Sunnyvale Water Pollution Control Plant for a three (3) year period in accordance with the attached Service Agreement dated 7/18/2008 as follows: All invoices to show this order number City contact: Joanna DeSa, PW/Environmental services (408) 730-7261 Awarded by Council 6/24/2008, RTC # 08-200 Request for Proposals No. F0703-77 Purchase Requisition # RQ003131 Requisitioner: Jackie Besoyan x7713 Vendor Contact: Rawlin Castro Change Order #1 - Extend this order by one additional year, through 6/30/2012, in accordance with the attached Amendment to Services Agreement dated and increase polymer unit cost from $.90/lb to $1.06/lb. Awarded by Council 5/24/2011, RTC #____ Purchase requisition #RQ007994</td>
<td>DLR</td>
<td>$1.0000</td>
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### AUTHORIZED DEPARTMENT(S)

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<td>Gakle, David</td>
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PHONE (408) 730-7403    FAX (408) 730-7710
ATTACHMENT B
DRAFT

AMENDMENT TO AGREEMENT
BETWEEN THE CITY OF SUNNYVALE AND POLYDYNE, INC.
FOR POLYMER FLOCCULANT AND RELATED SERVICES FOR
THE WATER POLLUTION CONTROL PLANT

This Amendment to Agreement, dated ________________, is by and between the CITY OF
SUNNYVALE, a municipal corporation ("CITY") and POLYDYNE, INC. ("CONTRACTOR").

WHEREAS, on July 18, 2008, CITY and CONTRACTOR entered into a Agreement whereby
CONTRACTOR would provide for the supply of polymer flocculant and related technical services at the
Water Pollution Control Plant as required for the removal of suspended solids and turbidity form the
secondary effluent at that facility for a period of three (3) years; and

WHEREAS, the parties now agree that an Amendment to said Agreement is advisable;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AMENDMENT TO CONSULTANT
SERVICES AGREEMENT:

Replace existing Section 2. Time for Performance with the following:

2. Time for Performance

Time is of the essence in the performance of the Agreement. If services cannot be performed at
the specified time CONTRACTOR shall promptly notify CITY of the earliest possible date for
performance of the services. Notwithstanding such notice, if CONTRACTOR, for any reason
whatsoever, fails to perform the services within the time specified, CITY may terminate this Agreement
or any part thereof without liability except for services previously performed and accepted.

The contract will be for four (4) years, effective 7/1/2008, with an option to renew for two
additional one year periods, should price and service remain acceptable to CITY.

All other terms and conditions remain unchanged.

IN WITNESS WHEREOF, the parties have executed this Agreement Amendment.

ATTEST:

By ____________________________
City Clerk

CITY OF SUNNYVALE ("CITY")

By ____________________________
City Manager

APPROVED AS TO FORM:

POLYDYNE, INC.
("CONTRACTOR")

By ____________________________
City Attorney

By ____________________________
Name and Title