

Meeting Date: 1/26/2016

Report Type: Consent

Report ID: 2016-00034

Title: Suspend Competitive Bidding for the Purchase of Chemicals through the Bay Area Chemical Consortium Bid Process (Two-Thirds Vote Required)

Location: Citywide

Recommendation: Pass a Resolution suspending competitive bidding, in the best interests of the City, to allow the Department of Utilities to purchase water and wastewater treatment chemicals through participation in the Bay Area Chemical Consortium bid process.

Contact: Michael Malone, Operations Manager, (916) 808-6226; Ken Swartz, Program Specialist, (916) 808-6276, Department of Utilities

Presenter: None

Department: Department Of Utilities

Division: Logistics

Dept ID: 14001451

Attachments:

1-Description/Analysis

2-Background

3-Resolution

City Attorney Review

Approved as to Form

Joe Robinson

1/20/2016 8:43:58 AM

Approvals/Acknowledgements

Department Director or Designee: Bill Busath - 1/13/2016 11:43:19 AM

Description/Analysis

Issue Detail: The Department of Utilities (DOU) operates two water treatment plants and various facilities for wastewater treatment. The prices for chemicals used in DOU's treatment processes vary from year to year. In an effort to obtain the best possible chemical bid prices on an annual basis, staff is proposing that the City purchase certain chemicals at prices obtained through the Bay Area Chemical Consortium (BACC), which is a group of approximately 60 public agencies located in the San Francisco Bay Area and elsewhere that collaboratively coordinate their chemical bids to obtain the most competitive bulk bid prices. As with any other supply contract, staff will return to Council for approval to award any resultant chemical purchase contracts of \$100,000 or more.

Policy Considerations: Using the BACC bid process instead of the City's standard bid process requires a suspension of the standard bid process. City Code Section 3.56.230(c), authorizes the City Council to suspend competitive bidding for the purchase of supplies when, upon a two-thirds vote, the City Council determines it is in the best interests of the City to do so. City staff believes it is in the City's best interest to suspend competitive bidding for the purchase of water and wastewater treatment chemicals via participation in the BACC process, because the significantly larger purchasing power of the BACC agencies bidding collectively will result in lower chemical bid prices than the City can obtain using a stand-alone bid process, which will save the City and City ratepayers money on chemical purchases.

Economic Impacts: None

Environmental Considerations: The use of chemicals, including Aluminum Sulfate (Alum), Hydrofluorosilicic Acid (Fluoride), Liquid Chlorine, Polymers, Sodium Bisulfite, Sodium Hydroxide, and Sodium Hypochlorite, is an ongoing activity at the City's water and wastewater plants. Purchasing these chemicals through the BACC bid process rather than using the City's standard bid process will not result in any significant changes in the City's existing operations and processes. The use of these chemicals is regulated by State permit requirements.

California Environmental Quality Act (CEQA): The Community Development Department, Environmental Services Manager has determined that the proposed actions are exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3) of the CEQA Guidelines. The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. In addition, the purchase of chemicals for ongoing water and wastewater treatment operations is not defined as a "project" for CEQA purposes, under Section 15378(b)(2) of the CEQA Guidelines.

Sustainability: Chemicals purchased under contracts obtained through the BACC bid process comply with Section 8 of the City's Sustainability Master Plan to continue to protect the City's sources of water.

Commission/Committee Action: Not Applicable

Rationale for Recommendation: DOU has an ongoing need to purchase chemicals for its inventory to ensure continuation of services to its customers. In an effort to reduce its costs to purchase water and wastewater treatment chemicals, the Department of Utilities joined the BACC in August 2015. City staff is recommending the City Council suspend competitive bidding to allow the Department to participate in the BACC annual competitive bidding process instead of conducting stand-alone bid processes. Staff is recommending that this include authorization to use the BACC bid process for a period of up to 3 years. The use of a cooperative purchase process like this saves time, reduces administrative costs, improves efficiency, reduces overall chemical and treatment costs..

Financial Considerations: BACC members agree to pay a participation fee per bid to fund the BACC bidding process. This cost is based upon how many agencies participate in each bid process and the costs involved in the processing of said bids. Last year, the cost for BACC participation was \$359 per bid, per agency. Funding for any contracts awarded as a result of the BACC bid process will be identified when staff returns to Council for approval of the contract awards.

Local Business Enterprise (LBE): If the City Council approves this report's request to authorize use of the BACC bid process as an alternate competitive bidding process for water and wastewater treatment chemical purchases, the City's LBE bid requirements will not apply because the bidding process will not be conducted by the City.

Background

BACC is an informal cooperative effort among approximately 60 water and wastewater agencies working together to purchase chemicals by combining their bid solicitations for various chemicals into one bidding process conducted on behalf of the BACC participating agencies. Currently, one of the BACC member agencies, Dublin San Ramon Services District, serves as the coordinating agency and handles bid administration. BACC consortium members are contacted in the spring to determine which agencies want to participate in specific bids, and to request the estimated quantities of product and any product specifications unique to that agency. Thereafter, proposed bid documents are circulated for review/comments. The final bid documents are circulated to an established vendor list and advertised in the Bay Area News Group newspapers. After bids are received and opened, each agency can then decide whether to use the resultant bid prices to enter into their own contracts with each respective vendor. This process is repeated on an annual basis.

RESOLUTION NO.

Adopted by the Sacramento City Council

Suspending Competitive Bidding to Allow the Purchase of Water and Wastewater Treatment Chemicals Through Participation in the BACC Competitive Bid Process

BACKGROUND

- A. The Department of Utilities (DOU) operates two water treatment plants and various facilities for wastewater treatment. The prices for chemicals used in DOU's treatment processes vary from year to year.
- B. In an effort to obtain the best possible chemical bid prices on an annual basis, staff is proposing that the City purchase certain chemicals at prices obtained through the Bay Area Chemical Consortium (BACC), which is a group of approximately 60 public agencies located in the San Francisco Bay Area and elsewhere that collaboratively coordinate their chemical bids to obtain the most competitive bulk bid prices. Using the BACC bid process instead of the City's standard bid process requires a suspension of the standard bid process.
- C. City Code Section 3.56.230(c) authorizes the City Council to suspend competitive bidding for the purchase of supplies when, upon a two-thirds vote, the City Council determines it is in the best interests of the City to do so. It is in the City's best interest to suspend competitive bidding for the purchase of water and wastewater treatment chemicals via participation in the BACC process, because the significantly larger purchasing power of the BACC agencies bidding collectively will result in lower chemical bid prices than the City can obtain using a stand-alone bid process, which will save the City and City ratepayers money on chemical purchases. Staff will return to Council for approval to award any resultant chemical purchase contracts of \$100,000 or more.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. In the best interests of the City, competitive bidding is suspended for the purchase of chemicals used in the Department of Utilities' water and wastewater treatment processes, to allow the purchase of these chemicals through participation in the BACC competitive bid process, for a maximum period of 3 years.