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**Title:** Actions pertaining to the purchase of sodium hypochlorite (Citywide):  
 1. Reject all bids for the Requirements Contract for Bulk Sodium Hypochlorite (Bid File 12401016);  
 2. Approve an increase to the Requirements Contract for Sodium Hypochlorite with Univar USA, Inc., to an annual amount of \$1,399,422 for an extended term to June 11, 2024 (Bid File 9487).

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. 24-423 Bid Evaluation - Bid File 12401016 Reject All Bids.pdf, 2. 24-423 Fiscal Impact - Bid File 9487.pdf, 3. 24-423 Requirements Contract.pdf

Date	Ver.	Action By	Action	Result
4/4/2024	1	City Council	ADOPTED	Pass

**REPORT TO THE CITY COUNCIL**

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**SUBJECT**

Actions pertaining to the purchase of sodium hypochlorite (Citywide):

1. Reject all bids for the Requirements Contract for Bulk Sodium Hypochlorite (Bid File 12401016);
2. Approve an increase to the Requirements Contract for Sodium Hypochlorite with Univar USA, Inc., to an annual amount of \$1,399,422 for an extended term to June 11, 2024 (Bid File 9487).

**RECOMMENDATION**

Staff recommends that City Council reject all bids for the Requirements Contract for Bulk Sodium Hypochlorite (Bid File 12401016). Subsequently, staff requests City Council approve an increase of \$856,200, for an annual contract amount of \$1,399,422 for the remaining and extended term of the current Requirements Contract with Univar USA, Inc., of Kent, Washington, for Sodium Hypochlorite

(Bid File 9487).

## **EXECUTIVE SUMMARY**

The Department of Public Utilities - Water Division, routinely uses sodium hypochlorite for water treatment at the surface water treatment facilities and municipal water well sites. On December 19, 2023, bids were opened for Bid File 12401016. Two vendors provided bids and after closing of the bid process took exceptions to the bid specifications. Subsequently, both bidders were deemed non-responsive. Council rejection all bids for Bulk Sodium Hypochlorite (Bid File 12401016) will allow staff to rebid the Requirements Contract.

Due to unexpected price increases amid market fluctuations, more aggressive corrosion strategies, and greater than predicted water delivery seasons, the original total contract amount with Univar USA, Inc., has been depleted ahead of schedule. The current requirements contract with Univar USA, Inc., of Kent, Washington, was set to expire on March 11, 2024, however, General Services/Purchasing extended the contract to a new ending date of June 11, 2024, subject to a contract amount increase. An increase of \$856,200 to the current and extended contract would allow for the necessary continued delivery of sodium hypochlorite through the existing Requirements Contract while a rebid is undertaken.

## **BACKGROUND**

The City is required by federal and state drinking water regulations to maintain a chlorine residual in the distribution system greater than 0.2 milligram/liter (mg/l) at all times. All of the City's surface water treatment facilities and municipal water well sites dose sodium hypochlorite into potable water at the point of discharge into the water distribution system. The continued implementation of newer system protection strategies have called for an increased dosage from 1.0 mg/l to 1.5 mg/l, which when combined with increased water deliveries and product price increases, have resulted in higher product usage and higher expenditures beyond the current contract amount.

On February 14, 2019, the City Council awarded a Requirements Contract for Sodium Hypochlorite to Univar USA, Inc., as the sole and only bidder, in the annual amount of \$543,222.22, for a term of three years with provisions for two one-year extensions. On November 11, 2023, a Requirements Contract for Bulk Sodium Hypochlorite was advertised. The bid opening took place on December 19, 2023. There were two bidders, and both took exceptions to the bid specifications after the closing of the bid process. Subsequently both bidders were deemed non-responsive. On March 11, 2024, the current Bid File 9487 Requirements Contract will expire. With Council approval to authorize the increase of \$856,200, the contract will be extended through June 11, 2024, while the City initiates another bid process.

Staff recommends that the City Council reject all bids for the Requirements Contract for Bulk Sodium Hypochlorite (Bid File 12401016), and authorize an increase of \$856,200, for an annual contract amount of \$1,399,422 for the remaining and extended term of the requirements contract until a new contract is awarded.

## **ENVIRONMENTAL FINDINGS**

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, the award of this requirements contract does not qualify as a "project."

## **LOCAL PREFERENCE**

Local preference was not applied because none of the bidders were local businesses.

## **FISCAL IMPACT**

The General Fund is not impacted by this citywide expenditure, as the appropriations for the purchase of Sodium Hypochlorite is included in FY2024 Water Enterprise Fund operating budget.

### Attachments:

Attachment 1 - Bid Evaluation - Bid File 12401016 Reject All Bids

Attachment 2 - Fiscal Impact - Bid File 9487

Attachment 3 - Requirements Contract