



City Council Report

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Sacramento, CA 95814

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File ID: 2018-01598

December 4, 2018

Consent Item 18

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

Location: Citywide

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

Contact: Stacy Larkin, Program Analyst, (916) 808-6356; William Busath, Director of Utilities (916) 808-1434; Department of Utilities

Presenter: None

Attachments:

1-Description/Analysis

2-Resolution

Description/Analysis

Issue Detail: On January 26, 2016 (R2016-0027), City Council suspended competitive bidding to allow the Department of Utilities to participate in the Bay Area Chemical Consortium bid process for a period of 3 years. The BACC is a group of approximately 60 public agencies located throughout the region. Since the prices for chemicals used in DOU's treatment processes vary from year to year, this process has allowed DOU to obtain the most competitive bulk bid prices for chemicals.

In a continuing effort to obtain the best possible chemical bid prices, staff is recommending City Council once again act to suspend competitive bidding for a period of no more than 5 years to allow the City to purchase certain chemicals at prices obtained through the BACC bid process. 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 recommends 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 has proven to result in lower chemical bid prices than the City can obtain using a stand-alone bid process, which has saved and will continue to save the City and City ratepayers money on chemical purchases.

Economic Impacts: None

Environmental Considerations: The use of chemicals, including Aluminum Sulfate, Hydrofluorosilicic Acid, Liquid Chlorine, 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.

The Community Development Department, Environmental Services Manager has determined that the proposed activity is not a project pursuant to the California Environmental Quality Act (CEQA). CEQA Guidelines Section 15378(b). The activity is a continuing administrative or maintenance activity, such as the purchase of supplies, and is not subject to CEQA. CEQA Guidelines Section 15060(c)(3).

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: In an effort to reduce its costs to purchase water and wastewater treatment chemicals, DOU joined the BACC in August 2015. City staff is recommending the City Council suspend competitive bidding to allow the DOU to continue to participate in the BACC annual competitive bidding process instead of conducting stand-alone bids. Staff is recommending that this include authorization to use the BACC bid process for a period of up to five years. The use of a cooperative purchase process like this saves time, reduces administrative costs, improves efficiency, and 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. Each year that DOU has participated, the per bid has declined due to increased member participation. Last year, the cost for BACC participation was \$170 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): The minimum LBE participation requirement is waived as the City has suspended competitive bidding and utilized an alternate procurement method to select vendors.

RESOLUTION NO. 2018-XXXX

Adopted by the Sacramento City Council

XXXXXXX, 2018

Suspending Competitive Bidding to Allow the Purchase of Water and Wastewater Treatment Chemicals Through Participation in the Bay Area Chemical Consortium Competitive Bid Process

BACKGROUND

- A. On January 26, 2016, City Council suspended competitive bidding to allow the Department of Utilities (DOU) to participate in the Bay Area Chemical Consortium (BACC) bid process for a period of three years. The BACC is a group of approximately 60 public agencies located throughout the region. Since the prices for chemicals used in DOU's treatment processes vary from year to year, this process has allowed DOU to obtain the most competitive bulk bid prices for chemicals.
- B. In a continuing effort to obtain the best possible chemical bid prices, staff is recommending City Council once again suspend competitive bidding for a period of up to five years to allow the City to purchase certain chemicals at prices obtained through the BACC bid process. 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.
- 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 DOU's 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 five years.