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DEPARTMENT OF  
FINANCE  
  
PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

PS:Admin:00-47:RBH:SA:bd  
August 18, 2000

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City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: CANCELLATION OF CONTRACT (BID NO. 1820) AND AUTHORIZATION TO INFORMALLY COMPETITIVELY BID AND/OR NEGOTIATE FOR THE PURCHASE OF LIQUID SODIUM HYPOCHLORITE**

**LOCATION AND COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

Staff recommends that the City Council cancel the current contract with JCI Jones Chemicals that resulted from Bid No. 1820 for the purchase of liquid sodium hypochlorite (bleach). Staff also recommends that the Council adopt the attached Resolution which authorizes the City Manager to informally competitively bid and/or negotiate for the purchase of this commodity, and to enter into contract(s) for the purchase of liquid sodium hypochlorite as needed in a total amount not to exceed \$175,000.00 during the current fiscal year.

**CONTACT PERSONS:** Steve Alstrom, Senior Buyer, 433-6343

**FOR COUNCIL MEETING:** August 29, 2000

**SUMMARY:**

This report recommends that the City Council cancel the current contract with JCI Jones Chemicals that resulted from Bid No. 1820 for liquid sodium hypochlorite, and that the Council adopt the attached Resolution which authorizes the City Manager to informally competitively bid and/or negotiate for the purchase of this commodity, and to enter into contract(s) for the purchase of liquid sodium hypochlorite as needed in a total amount not to exceed \$175,000.00 during the current fiscal year.

**BACKGROUND:**

On May 30, 2000, the City Council awarded Bid No. 1820 for liquid sodium hypochlorite to JCI Jones Chemicals, 1010 Industrial Drive, Stockton, CA 95206, in a total amount not to exceed \$175,000.00 per contract year. Recently, JCI Jones Chemicals notified the City that, effective August 11, 2000, it is closing its Stockton manufacturing facility that produces liquid sodium hypochlorite, and that they will be unable to deliver the product under the contract.

This chemical is purchased for use by the Drainage Operations Division of the Utilities Department. It is used to purify rain/waste water processed at the 35<sup>th</sup> Avenue Combined Wastewater Treatment Plant and at the Pioneer Reservoir. It is used in lieu of pure chlorine, which is a more hazardous chemical, and is used only when the plants are placed in operation during periods of heavy storms which cause the flow to exceed the amount allowed to the Sacramento Regional Wastewater Treatment Plant. Depending on the rains and the price of the chemical, the City generally uses from \$55,000 to \$175,000 worth of liquid sodium hypochlorite per year.

With JCI Jones Chemicals closing its plant, and the recent industry-wide price increases for chlorine, the market for liquid sodium hypochlorite has become unstable. Producers will not guarantee prices for extended periods of time, due to supply fluctuations and the resulting price volatility. Re-advertising for formal bids to establish a long-term contract at this time would be unlikely to provide advantage to the City, either in pricing or guarantee of a supply of the chemical. Given these unstable market conditions, staff recommends that the City Council authorize the City Manager to informally competitively bid and/or negotiate for the purchase of this commodity, and to enter into contract (s) for the purchase of liquid sodium hypochlorite as needed in a total amount not to exceed \$175,000.00 during the current fiscal year. This will facilitate the purchase of the needed chemical for the coming rain season, and should allow time for the market to stabilize and the formal competitive bidding process to again be used to establish a longer-term contract.

**FINANCIAL CONSIDERATIONS:**

Sufficient funds for these purchases have been budgeted for FY00/01 by the Utilities Department for chemicals and gases.

**ENVIRONMENTAL CONSIDERATIONS:**

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

**POLICY CONSIDERATIONS:**

This recommendation is in accordance with the provisions of City Code Section 3.56.230(C), which

authorizes suspension of formal competitive bidding upon a two-thirds vote of the City Council.

**ESBE CONSIDERATIONS:**

Requests for bid were originally sent to six vendors, none of which was certified as an Emerging or Small Business Enterprise. A search in both the City and State ESBE bid directories yielded no vendors that provide this specialty chemical for water production. Of the four bid responses received, none was from an ESBE firm.

Respectfully Submitted,



Robert B. Holbrook  
Procurement Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS  
City Manager

1 Attachment

**APPROVED**  
AUG 29 2000  
OFFICE OF THE  
CITY CLERK

**RESOLUTION NO. 2000-508**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

**A RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING  
FOR THE PURCHASE OF LIQUID SODIUM HYPOCHLORITE**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:**

1. In the best interest of the City of Sacramento, formal competitive bidding is hereby suspended for the purchase of liquid sodium hypochlorite for use by the Utilities Department, and;
2. The City Manager is hereby authorized to informally competitively bid and/or negotiate for the purchase of this commodity, and to enter into contract(s) for the purchase of liquid sodium hypochlorite as needed in a total amount not to exceed \$175,000.00 during the Fiscal Year 2000-01.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_