



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 28, 2022**

FROM: PUBLIC WORKS DEPARTMENT **WARDS: ALL**

SUBJECT: APPROVE FIVE ANNUAL PURCHASE ORDERS FOR CHEMICAL PURCHASES AS PER SECTIONS 404 AND 602(J) OF PURCHASING RESOLUTION NO. 23812; FERRIC CHLORIDE FROM KEMIRA WATER SOLUTIONS, INC., OF FONTANA, CALIFORNIA, IN THE AMOUNT OF \$450,000; SODIUM HYPOCHLORITE FROM OLIN CORPORATION OF TRACY, CALIFORNIA, IN THE AMOUNT OF \$1,382,715; CITRIC ACID FROM NORTHSTAR CHEMICAL OF SANTA FE SPRINGS, CALIFORNIA, IN THE AMOUNT OF \$300,000; SODIUM BISULFATE FROM UNIVAR USA, INC., OF KENT, WASHINGTON, IN THE AMOUNT OF \$400,000; AND POLYMER FROM SNF POLYDYNE, INC., OF RICEBORO, GEORGIA, IN THE AMOUNT OF \$1,400,000, FOR A TOTAL COST FOR CHEMICALS IN THE AMOUNT OF \$3,932,715.

ISSUE:

Approve five annual purchase orders as per Section 404 and 602(J) of Purchasing Resolution No. 23812, for the purchase of chemicals including: ferric chloride from Kemira Water Solutions Inc., of Fontana, California, in the amount of \$450,000; sodium hypochlorite from Olin Corporation, of Tracy, California, in the amount of \$1,382,715; citric acid from Northstar Chemical of Santa Fe Springs, California in the amount of \$300,000; sodium bisulfate from Univar USA, Inc., of Kent, Washington, in the amount of \$400,000; and polymer from SNF Polydyne Inc., of Riceboro, Georgia, in the amount of \$1,400,000, for a total cost for chemicals in the amount of \$3,932,715.

RECOMMENDATIONS:

That the City Council:

1. Approve an annual purchase order for the purchase of ferric chloride to Kemira Water Solutions Inc., of Fontana, California, in the amount of \$450,000;
2. Approve an annual purchase order for the purchase of sodium hypochlorite from Olin Corporation of Tracy, California, in the amount of \$1,382,715;
3. Approve an annual purchase order for citric acid from Northstar Chemical of Santa Fe Springs, California, in the amount of \$300,000;
4. Approve an annual purchase order for sodium bisulfate from Univar USA, Inc., of Kent, Washington, in the amount of \$400,000; and
5. Approve an annual purchase order for polymer from SNF Polydyne Inc., of Riceboro, Georgia, in the amount of \$1,400,000.

BACKGROUND:

The Public Works Department Wastewater Division is responsible for the collection and treatment of wastewater generated within the City of Riverside and the communities of Edgemont, Highgrove, Jurupa and Rubidoux at the RWQCP. To satisfy the United States Environmental Protection Agency's (EPA) National Pollution Discharge Elimination System (NPDES) permit, wastewater must be treated to achieve regulatory water quality standards. The RWQCP treatment processes require various chemicals to achieve water quality objectives.

DISCUSSION:

Chemical purchases for Fiscal Year 2022/23 can be made per Section 404 of Purchasing Resolution No. 23812, as this provision allows the purchase of chemicals through informal or negotiated procurement providing it is in the best interest of the City to do so. A summary of these purchases is listed below:

1. Kemira Water Solutions, Inc., agreed to provide ferric chloride with an increase of 61% due to increases in raw materials and freight costs.
2. Olin Corporation agreed to provide sodium hypochlorite with an increase of 70% due to increase in raw materials and freight costs.
3. Northstar Chemical has agreed to provide citric acid with an increase of 250% due to increase in raw materials and freight costs.
4. Univar USA, Inc., has agreed to provide sodium bisulfate with an increase of 139% due in increases in raw materials and freight costs.
5. SNF Polydyne, Inc., has agreed to provide polymer with an increase of 48% per gallon due to increases in raw materials and freight costs.

Market volatility, temporary supply shortages, and a Consumer Price Index (CPI) increase created an unexpected rise in unit costs for chemicals. Staff conducted a general market analysis comparing price ranges when comparing current vendor pricing to other businesses that offer similar goods. The variance fluctuations in increases for each chemical are directly associated with the costs for each raw material.

If the market continues to increase, staff will return to City Council for a budget appropriation request if additional funding is needed to meet ongoing chemical needs.

Purchasing Resolution No. 23812, provides: "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ... (j) When the Procurement is subject to Section 404 of this Resolution, which generally allows for items peculiar to the needs of Riverside Public Utilities (Section 1203 of the City Charter) and Public Works – Sewer to be made through Informal or Negotiated Procurement." Section 404 states "The Water, Electric and Sewer Utilities have a need for compatibility within their respective systems for uniform operation, maintenance and replacement, and this need can be met by procuring certain supplies, equipment, and materials supplies through Informal Procurement or Negotiated Procurement". Section 404 then states that "the following supplies, equipment, and materials are determined to be peculiar to the needs of the Water Utility, the Electric Utility, and the Sewer Utility and may be acquired by Informal Procurement or Negotiated Procurement". The list of supplies, equipment, and materials includes chemicals.

The Purchasing Manager concurs that the actions to approve are in compliance with Purchasing Resolution No. 23812.

STRATEGIC PLAN ALIGNMENT:

These items support **Strategic Priority 4 – Environmental Stewardship** and **Goal 4.2 –** Sustainably manage local water resources to maximize reliability and advanced water reuse to ensure safe, reliable, and affordable water to our community.

1. **Community Trust** – Conducting regular water treatment routines ensures wastewater discharges do not negatively impact the community and environment. The RWQCP requires chemicals to treat wastewater, such as ferric chloride, hypochlorite, citric acid, sodium bisulfate, and polymer to comply with federal, state, regional and local regulatory requirements.
2. **Equity** – The purchase of these chemicals supports RWQCP efforts in protecting the public's health and environment by ensuring wastewater treatment is performed efficiently in compliance with federal, state, regional, and local regulatory requirements.
3. **Fiscal Responsibility** – The purchase of these chemicals supports RWQCP efforts in minimizing inefficiencies and develop control methods to maximize reliability and ensure efficient wastewater treatment.
4. **Innovation** – The purchase of these chemicals exemplifies a collaborative partnership between Kemira Water Solutions Inc., of Fontana, California; Olin Corporation, of Tracy, California; Northstar Chemical of Santa Fe Springs, California; Univar USA, Inc., of Kent, Washington; and SNF Polydyne Inc., of Riceboro, Georgia, to enhance operational reliability by achieving measurable improvements through proper wastewater treatment.
5. **Sustainability & Resiliency** – The purchase of these chemicals supports the implementation of sustainability to treat wastewater that is generated within the City of Riverside and the communities of Edgemont, Highgrove, Jurupa, and Rubidoux at the Riverside Water Quality Control Plant.

FISCAL IMPACT:

The total fiscal impact of the action is \$3,932,715. Sufficient funds are budgeted in the upcoming proposed budget that will be brought to Council for adoption on June 21, 2022. Funds are budgeted in the Sewer Fund, Sewer Systems Treatment, Chemical Supplies account number 4125200-426600 and Sewer Fund, Sewer Collection Systems Maintenance, Chemical Supplies account number 4125100-426600.

Prepared by: Gilbert Hernandez, Public Works Director
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Chemical Purchases 2022/23 Presentation