



Legislation Details (With Text)

File #: 2021-475 **Version:** 1 **Name:**
Type: Resolution **Status:** Passed
File created: 12/1/2021 **In control:** Board of Directors Workshop Meeting
On agenda: 12/8/2021 **Final action:** 12/8/2021
Title: RFB 1123
Proposed Renewal Option #3
Sodium Hypochlorite
O&M
Sponsors: Navid Mehram
Indexes: Wastewater Operations
Code sections:
Attachments: 1. Chemical Memo Final.11.3.pdf

Date	Ver.	Action By	Action	Result
12/8/2021	1	Board of Directors Workshop Meeting	Approved	Pass
12/8/2021	1	Operations and Resources Committee	Recommended for Approval	Pass

RFB 1123 Proposed Renewal Option #3 Sodium Hypochlorite O&M

Agenda of: December 8, 2021

Item No: **2021-475**

Amount: Original Award \$3,134,080.00

Renewal Option #1 1,567,040.00

Renewal Option #2 1,567,040.00

Proposed Renewal Option #3 2,688,550.00

New Proposed Contract \$8,956,710.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Interim Chief Executive Officer
Great Lakes Water Authority

DATE: December 1, 2021

RE: RFB 1123
Proposed Renewal Option #3
Sodium Hypochlorite
Vendor: PVS Nolwood Chemicals Inc.

MOTION

Upon recommendation of Navid Mehram, Chief Operating Officer - Wastewater Operating Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Interim Chief Executive Officer (ICEO) to **enter into RFB 1123, "Sodium Hypochlorite" with PVS Nolwood Chemicals Inc., at an increased cost of \$2,688,550.00 for a total cost not to exceed \$8,956,710.00 and an increased duration of one (1) year for a total contract duration of five (5) years;** and authorizes the ICEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

During wet weather, the Water Resource Recovery Facility (WRRF), and Combined Sewer Overflow (CSO) treatment facilities use sodium hypochlorite to disinfect before the treated wastewater is discharged to the rivers. In addition, water treatment plants use this chemical occasionally to control zebra mussels at their water intake points. Starting April 2019, National Pollutant Discharge Elimination System (NPDES) permit required WRRF to disinfect all effluent before its discharge, this requirement increased the consumption of sodium hypochlorite. As a result, the funds in the current purchase order will not be sufficient until the end of the renewal term by March 31, 2022. Therefore, we are requesting approval to add \$690,000.00 to the current contract to cover increased usage and \$1,998,550.00 to extend the contract by one more year to begin on April 1, 2022, and end on March 31, 2023 for a total increase of \$2,688,550.00.

JUSTIFICATION

Through diligent review and surveying of the market, our Procurement Team's professional judgment and recommendation to extend the current purchase order by one (1) year will ensure the continuity of sodium hypochlorite supply for our operations. Additionally, in the Procurement Director's November 3, 2021 memo to the Board (attached) related to chemical contracts, the procurement strategy is to extend all current chemical contracts for a minimum of one (1) year to give adequate time to fully assess the market and allow manufacturers to catch up production with demand. This prudent approach will protect the continuity of GLWA's supply while allowing assessment of the current market. Procurement will also use this time to identify the possibility of new sources of product. Procurement is implementing a dual sourcing plan for redundancy in chemicals to avoid any interruption in chemical supply going forward.

PROJECT MANAGEMENT STATUS

Original Contract Time	Two (2) years (04/01/2018 - 03/31/2020)
Renewal No.1	One (1) year (04/01/2020 - 03/31/2021)
Renewal No. 2	One (1) year (04/01/2021 - 03/31/2022)
Proposed Renewal No. 3	One (1) year (04/01/2022 - 03/31/2023)

Total Revised Time Five (5) Years (04/01/2018 - 03/31/2023)

PROJECT ESTIMATE

Original Contract Price	\$ 3,134,080.00
Renewal Option #1	1,567,040.00
Renewal Option #2	1,567,040.00
Proposed Renewal Option #3	2,688,550.00
New Purchase Order Total	\$ 8,956,710.00

FINANCIAL PLAN IMPACT

Summary: The use of sodium hypochlorite is anticipated as an ongoing component of the water and wastewater financial plan. The volume of treatment chemicals may vary by year which could require an amendment to that years' financial plan. Should this occur a budget amendment may be required, first from other chemical budgets, secondly from other budgeted areas, and finally from the wastewater unallocated reserves. A budget amendment in the current year is anticipated. This is being evaluated on a prospective basis.

As the memo from the Procurement Director to the Board dated November 3, 2021, has noted, pricing for chemicals is currently very volatile. Secondly, the demand and availability of this and other chemicals may create additional demand by the organization for this product which will affect the budget evaluation.

Funding Source: Operations and Maintenance Budget (5960)

Cost Center: Water Works Park (882131)

 Springwells Water Treatment Plant (882141)

 Northeast Water Treatment Plant (882151)

 Wastewater Secondary Processing (892224)

 Combined Sewer Overflow Facilities (892271 - 892279)

Expense Type: Operating Supplies - Chemicals (621600)

Estimated Cost by Year and Related Forecast Variance: See table below.

FY 2018 Amended Budget (Prorated)	\$307,626.00
FY 2019 Amended Budget	1,404,003.00
FY 2020 Amended Budget	1,786,403.00
FY 2021 Budget	1,674,500.00
FY 2022 Budget	1,801,400.00
FY 2023 Financial Plan (Prorated)	<u>1,936,825.00</u>
Financial Plan Forecast	\$8,910,757.00
Maximum Contract	<u>8,956,710.00</u>
Variance (positive/(negative))	<u>(\$45,953.00)</u>

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on December 8, 2021. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

The proposed procurement of this item may be shared, in part, at the Belle Isle CSO which is shared in part by DWSD and GLWA. This item is budgeted by both entities as noted above.