



Legislation Text

File #: 2018-643, Version: 1

RFB 1123 Sodium Hypochlorite - PVS Nolwood Chemicals

Agenda of: March 28, 2018
Item No.: **2018-643**
Amount: \$6,268,160.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: March 9, 2018

RE: **RFB 1123 Sodium Hypochlorite - PVS Nolwood Chemicals**

MOTION

Upon recommendation of Suzanne Coffey, Chief Planning Officer, Interim Chief Operating Officer -- Wastewater, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA) authorizes the Chief Executive Officer (CEO) to **enter into an Agreement for Sodium Hypochlorite with PVS Nolwood Chemicals at a cost not to exceed \$3,134,080.00 for two years with two one-year renewal options at \$1,567,040.00 per year for a total of \$6,268,160.00** and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The WRRF operates under a National Pollutant Discharge Elimination System (NPDES) permit, issued by the Michigan Department of Environmental Quality (MDEQ), which regulates the discharge of wastewater from the WRRF and the combined sewer overflow (CSO) control facilities into both the Detroit and Rouge rivers. Combined sewer overflows occur during wet weather events when the volume of wastewater generated exceeds the transport and treatment capacity of the system. To reduce the occurrence and impact of combined sewer overflows on the receiving streams, GLWA has constructed CSO Retention Treatment Basins (RTBs) and Screening & Disinfection facilities (SDF),

collectively called CSO control facilities.

During wet weather events, treated discharges from the CSO control facilities to the receiving streams are authorized by the NPDES permit. The permit requires that wastewater effluent be disinfected prior to discharge. Sodium Hypochlorite is the chemical used at the CSO control facilities to comply with the disinfection requirements. Sodium Hypochlorite is also the chemical used at Water Works Park to comply with the prechlorination requirements to prevent Zebra mussels from clogging to the intakes.

It should be noted that significantly heavy rainfalls can necessitate the use of more Sodium Hypochlorite than estimated.

Procurement Method

The Procurement Group, Supply Chain Operations Team, competitively bid this project to obtain the lowest responsive and responsible vendor.

Advertised: January 10, 2018
On BidnetDirect - Request for Bid (RFB) 1123

Distributed to: 131 vendors

Downloaded bid documents: 18 vendors

Response due date: January 24, 2018

Responses received: Two (2) vendors submitted bids

Evaluation Method: Request for Bid (RFB) - Lowest responsive and responsible bid tabulation.

<u>Vendor (Lowest to Highest)</u>	<u>Cost</u>
PVS Nolwood Chemicals	\$0.4897 per dry lbs.
JCI Jones Chemicals	\$0.5655 per dry lbs.

The price is firm for two years.

It is recommended to award to PVS Nolwood Chemicals.

PVS Nolwood Chemicals is the incumbent provider.

Litigation

This vendor is not currently, nor has been previously involved in any litigation with the GLWA.

Financials

A financial risk assessment was performed by the GLWA via Dun & Bradstreet and was determined that the selected vendor has the financial capacity to perform the tasks under this contract. This information is available for the Board of Directors to review upon request.

Project Estimate

It is estimated that the facility will use 3,200,000 pounds of Sodium Hypochlorite per year for this agreement. The yearly projection for this agreement is \$1,567,040.00 (estimate of 3.2 M pounds at \$0.4897lbs.), totaling \$6,268,160.00 for four years. The expected start date is April 1, 2018 and runs through March 31, 2020, with two one-year renewal options available to GLWA.

BUDGET IMPACT

The Sodium Hypochlorite is budgeted in the nine Combined Sewer Overflow - Control Facilities Operations under Operating Supplies - Chemicals (5960-89227x.000-621600-SD8600) and Water Works Park under Operating Supplies - Chemicals 5910-882131.000-621600-WS620.

Location	FY 2018	FY 2019	FY 2020	FY 2021
Combined Sewer Overflows	\$1,424,537.00	\$1,424,537.00	\$1,424,537.00	\$1,424,537.00
Water Works Park	\$142,503.00	\$142,503.00	\$142,503.00	\$142,503.00
Total Estimated Annual Cost	\$1,567,040.00	\$1,567,040.00	\$1,567,040.00	\$1,567,040.00

The budget is based on an estimated annual 3,200,000 dry pounds needed for the nine CSO control facilities (2,909,000 dry pounds) and Water Works Park (291,000 dry pounds). This annual procurement of Sodium Hypochlorite as presented is within the financial plan.

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The previous agreement negotiated in 2012 by the City of Detroit Water and Sewerage Department was a three-year agreement with two one-year renewal options. The contract price was \$0.4950, but Procurement was able to negotiate a lower contract price annually based on market conditions of between \$0.4138 and \$0.4715 over the final three years of the agreement.

The responsible low bid of \$0.4897 represents a differential of \$0.0053 per dry pound, annual savings of \$16,960.00 and five-year savings of \$84,800.00.

As this commodity is subject to market fluctuations due to heavy rain events, Procurement will monitor market prices quarterly and re-evaluate pricing based upon Federal Reserve Economic Data (FRED) Producer Price Index.

COMMITTEE REVIEW

This matter was reviewed by the Operations and Resources Committee at its March 14, 2018 meeting. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

This item does impact the shared services agreement between GLWA and DWSD because the Belle Isle CSO facility's operations and maintenance is included in the shared services agreement.