Legislation Text

File #: 2018-578, **Version:** 1

RFB 1113 Sulfur Dioxide - PVS Technologies, Inc.

Agenda of: March 28, 2018
Item No.: **2018-578**
Amount: $3,138,750.00

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 1113 Sulfur Dioxide - PVS Technologies, Inc.**

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 Sulfur Dioxide with PVS Technologies, Inc. at a cost not to exceed $1,883,250.00 for three years with two one-year renewal options at $627,750.00 per year for a total of $3,138,750.00** and authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA utilizes liquid sulfur dioxide to neutralize the residual chlorine in the treated wastewater prior to discharge to the Detroit River in accordance with permit requirements. Removal of residual chlorine from the treated wastewater is a continuous operation.

JUSTIFICATION

Procurement Method

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

Advertised:	December 7, 2017
	On BidnetDirect(MITN) - Request for Bid (RFB) 1113
Distributed to:	136 vendors
Downloaded bid documents:	10 vendors
Response due date:	December 28, 2017
Responses received:	Two (2) vendors submitted bids

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

Vendor (Lowest to Highest)	Cost
PVS Technologies	$465.00 per ton
JCI Jones Chemicals	$542.00 per ton

The price is firm for the term of the agreement.

It is recommended to award to PVS Technologies.

PVS Technologies is the incumbent provider.

Litigation

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

Financials

A financial risk assessment was performed by Supply Chain Operations via Dun & Bradstreet. It 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 1350 tons of Sulfur Dioxide per year for this agreement. The yearly projection for this agreement is $627,750.00 (estimate of 1350 tons at $465.00/ton), totaling $3,138,750.00 for five years. The expected start date of the initial 3-year contract is May 1, 2018.

There are also two one-year renewal options available to GLWA.

BUDGET IMPACT

Sulfur dioxide is budgeted in the sewer operations secondary sedimentation cost center under the operating supplies - chemicals account. The table below represents the financial plan for chemicals in secondary treatment for the duration of this agreement.

Operating Supplies - Chemicals	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
5960-892224.000-621600-SD9100	$150,000	$600,000	$620,000	$640,000	$660,000	$566,700

The budget is based on an estimated annual 1,390 tons needed for secondary treatment. This annual procurement of Sulfur Dioxide as presented is within the financial plan.

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The previous agreement negotiated in 2014 by the City of Detroit Water and Sewerage Department (DWSD) was a two-year agreement with two one-year options.

Contract Year	Contract Price Per Ton	Negotiated Price Per Ton	Difference
2014-2015	$465.00	$465.00	$0.00
2015-2016	$465.00	$465.00	$0.00
2016-2017	$465.00	$465.00	$0.00
2017-2018	$465.00	$465.00	$0.00

The awarded vendor maintained the same pricing based on the market and usage by GLWA.

By going with the lowest vendor, GLWA has an annual cost optimization of $103,950.00. If we selected the higher price vendor, GLWA would pay $542.00 per ton, making the annual cost $731,700.00.

As this commodity is subject to market fluctuations, 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 not impact the shared services agreement between GLWA and DWSD