



## Legislation Text

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File #: 2019-104, Version: 1

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### Contract No. 1803508 Liquid Chlorine

Agenda of: March 27, 2019

Item No.: **2019-104**

Amount:	3-Year Contract	\$1,795,500.00
	First Year Renewal Option	598,500.00
	Second Year Renewal Option	598,500.00
	Total	\$2,992,500.00

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

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

**DATE:** March 6, 2019

**RE:** **Contract No. 1803508**  
**Liquid Chlorine**  
**Vendor: JCI Jones Chemicals**

### MOTION

Upon recommendation of Cheryl Porter, Chief Operating Officer - Water and Field Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) **to enter into Contract No. 1803508, to secure a contract, in the amount of \$1,795,500.00 for three (3) years, with two (2) one-year renewal options at a cost of \$598,500.00 for each renewal year with JCI Jones Chemicals to supply Liquid Chlorine;** and also authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

### BACKGROUND

Chlorination of public water supplies represents the most important process used in the production of water of a safe, sanitary quality. Chlorine also provides protection of water quality through the deliverance of water in its conveyance through the transmission and distribution system.

Liquid chlorine is used as a disinfectant to eliminate harmful bacteria and viruses that may be found in drinking water.

Contract No. 1803508 is for liquid chlorine in one ton containers to be delivered to GLWA's five (5) water treatment plants upon request.

### **JUSTIFICATION**

Liquid chlorine is required for the five water treatment plants to be used as a disinfectant to eliminate harmful bacteria and viruses that may be found in drinking water. It is an essential element in the water treatment and distribution process.

### **FINANCIAL PLAN IMPACT**

**Summary:** The proposed contract with JCI Jones Chemicals encompasses Operations & Maintenance expense only. The FY 2019 budget and five year financial plan was based on prior usage over the contract period. The value of the contract exceeds the current financial plan in total. Potential positive variances of other chemicals as well as the use of this chemical may vary by year therefore, sufficient funds will be provided in the Operations & Maintenance (O&M) financial plan for this contract related to operating supplies-chemicals (GL strings: 5910-882131.000-621600-WS6200, 5910-882141.000-621600-WS6100, 5910-882151.000-621600-WS6360, 5910-882161.000-621600-WS6360, & 5910-882171.000-621600-WS6100).

**Funding Source:** Operations & Maintenance (O&M) Budget

**Cost Center(s):** Water Works Park .....Water Operations cost center 882131  
Springwells WTP.....Water Operations cost center 882141  
Northeast WTP.....Water Operations cost center 882151  
Southwest WTP.....Water Operations cost center 882161  
Lake Huron WTP.....Water Operations cost center 882171

**Expense Type:** Operating Supplies - Chemicals (621600)

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

<b><u>Fiscal Year</u></b>	<b><u>Amount</u></b>
FY 2019 Budget (prorated 3 months)	\$118,800
FY 2020 Financial Plan	429,700
FY 2021 Financial Plan	434,400
FY 2022 Financial Plan	439,100
FY 2023 Financial Plan	443,800
FY 2024 Financial Plan (prorated 9 months)	<u>332,900</u>
Financial Plan Estimate	\$2,198,700
Proposed Contract Amount	<u>\$2,992,500</u>
Variance (positive/ (negative))	(\$793,800)

### **SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT**

The award of this contract provides a variance of \$793,800 (\$2,198,700 financial plan forecast less

\$2,992,500 proposed contract amount). The actual usage of liquid chlorine fluctuates with changes in production, treatment volume, consumption, pumping and customer growth. The result of the fluctuation may be less than estimated quantities used, thus decreasing the variance.

### **COMMITTEE REVIEW**

This item was presented to the Operations and Resources Committee at its meeting on March 13, 2019. 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.