

Legislation Text

File #: 2020-269, Version: 1

Contract No. 2000746

Hydrofluorosilicic Acid

O&M

Agenda of: August 26, 2020

Item No.: **2020-269**

Amount: \$2,571,275.40

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: August 5, 2020

RE: **Contract No. 2000746**
Hydrofluorosilicic Acid
Vendor: PVS Nolwood Chemicals, Inc.

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. 2000746 “Hydrofluorosilicic Acid” with PVS Nolwood Chemicals, Inc., at a cost not to exceed \$2,571,275.40 for a duration of three years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Hydrofluorosilicic acid (H₂SiF₇), concentration 23% by weight, or greater, is provided to GLWA's five water treatment plants for water fluoridation. Water fluoridation increases the concentration of fluoride ions in drinking water to reduce dental caries (tooth decay). The U.S. Public Health Service (PHS)

and U.S. Environmental Protection Agency (EPA) recommends a fluoride level of 0.7 milligrams/liter (mg/L).

JUSTIFICATION

The hydrofluorosilicic acid chemical is added for the prevention of tooth decay.

FINANCIAL PLAN IMPACT

Summary: The proposed contract with PVS Nolwood Chemicals, Inc. encompasses an Operations & Maintenance expense only. The FY 2021 budget and five-year financial plan was based on prior usage of all chemicals over the contract periods. The value of the contract exceeds the financial plan in total. Potential positive variances of other chemicals, as well as the use of this chemical, may vary by year. The financial plan will be adjusted accordingly during the FY 2022 budget preparation to accommodate the proposed contract amount. Sufficient funds will be provided in the Operations & Maintenance (O&M) financial plan for this contract related to operating supplies-chemicals.

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

Cost Center(s): Water Works ParkWater 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 Forecasted Variance: See table below.

<u>Fiscal Year</u>	<u>Amount</u>
FY 2021 Budget	\$514,000
FY 2022 Financial Plan	516,000
FY 2023 Financial Plan	<u>518,000</u>
Financial Plan Forecast	\$1,548,000
Proposed Contract Amount	<u>\$2,571,275</u>
Variance (positive/ (negative))	\$(1,023,275)

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of this contract provides a variance of \$1,023,275 (\$1,548,000 financial plan forecast less \$2,571,275 proposed contract amount).

The actual usage of all chemicals fluctuates with changes in production, treatment volume, consumption, pumping and customer growth. The result of the fluctuation may be more or less than estimated quantities forecasted with the use of each chemical and current market pricing.

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on August 12, 2020. 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.