



Legislation Text

File #: 2021-320, Version: 1

Contract No. 2102187

**Gaseous and Liquid Oxygen Supply, Liquid Nitrogen Supply,
Oxygen Supply and Storage System Maintenance**

Vendor: Linde Inc.

Agenda of: September 1, 2021

Item No.: **2021-320**

Amount: \$36,000,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

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

DATE: August 4, 2021

RE: **Contract No. 2102187**
Gaseous and Liquid Oxygen Supply, Liquid Nitrogen Supply,
Oxygen Supply and Storage System Maintenance
Vendor: Linde 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 Chief Executive Officer (CEO) to **enter into Contract No. 2102187, "Gaseous and liquid Oxygen Supply, Liquid Nitrogen Supply, Oxygen Supply, and Storage System Maintenance" with Linde Inc., (Linde) at a cost not to exceed \$36,000,000.00 for a duration of ten years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Water Resource Recovery Facility (WRRF) is a biological activated sludge treatment facility. The facility is required to provide secondary treatment per the National Pollutant Discharge Elimination System (NPDES) Permit. GLWA achieves its secondary treatment through pure oxygen reactors that provide the needed oxygen for the bacteria breakdown in the wastewater. The oxygen supply for the WRRF is through a dedicated pipeline from the Praxair facility to the pure oxygen reactors. In addition to the gaseous supply through the pipeline, liquid oxygen is supplied by Praxair and is stored onsite to provide backup in the event of interruptions to the pipeline supply.

On July 15, 2004, DWSD and Praxair entered a 15-year contract with automatic annual renewal until either party provides a twelve (12) calendar month notice of termination. This contract was transferred to GLWA, and services continued to be provided under the existing terms of the contract. Praxair, Inc. was an American worldwide industrial gases company. Founded in 1907, Praxair was the largest industrial gases company in North and South America, and the third largest worldwide by revenue. In 2018, it merged with Linde AG to form Linde Inc. The Praxair name was discontinued on September 1, 2020. As part of the transition, GLWA worked with Linde to establish a new contract that incorporates any operational changes and assure a reliable service moving forward.

JUSTIFICATION

The WRRF NPDES permit requires the facility to always maintain secondary treatment. The reliability and consistency of oxygen supply are critical for the facility to achieve secondary treatment before disinfection and discharge to the receiving water bodies. Linde is the World leader in manufacturing and supplying Industrial gases such as oxygen, nitrogen, etc. to the major industrial users and other utilities. To ensure consistent oxygen and nitrogen supply GLWA recommends entering into a new 10 -year contract with Linde.

FINANCIAL PLAN IMPACT

Summary: The proposed contract for oxygen and nitrogen was anticipated in the development of the wastewater financial plan. The proposed contract exceeds the time frame that is generally included within the financial plan. The financial plan is based on historic trends for the chemicals and services provided by this contract. The volume of these 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.

Funding Source: Operations and Maintenance Budget (5960)

Cost Center: Wastewater Secondary Processing (892224)

Expense Type: Chemicals (621600)

Contractual Operating Services (617900)

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

FY 2022 Budget (Prorated)	\$2,883,200
FY 2023 Financial Plan	3,481,100
FY 2024 Financial Plan	3,503,300
FY 2025 Financial Plan	3,526,500
FY 2026 Financial Plan	3,550,800
FY 2027 Financial Plan	3,576,200
FY 2028 Financial Plan	3,602,700
FY 2029 Financial Plan	3,630,400
FY 2030 Financial Plan	3,659,400
FY 2031 Financial Plan	3,689,800
FY 2032 Forecast Plan (Prorated)	<u>620,300</u>
Financial Plan Forecast	\$35,723,700
Maximum Contract	<u>\$36,000,000</u>
Forecast Variance	<u>(\$276,300)</u>

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The award of this contract provides a consistent and reliable oxygen supply to the WRRF for secondary treatment. The pure oxygen supply through pipeline has been exceptionally reliable and is the most cost-effective approach for treatment. Alternative to the pipeline would require construction, operations, and maintenance of an oxygen generation plant on facility grounds that is expensive.

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on August 11, 2021. 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.