



# **M E M O R A N D U M**

*City of Thousand Oaks • Thousand Oaks, California*

*Public Works Department*

**TO:** Scott Mitnick, City Manager

**FROM:** Mark D. Watkins, Public Works Director

**DATE:** July 8, 2008

**SUBJECT:** Extension of Contract #7740-2006 with JCI Jones Chemical, Inc. (JCI for Sodium Bisulfite and Sodium Hypochlorite at the Hill Canyon Treatment Plant

## **RECOMMENDATIONS:**

1. Extend Contract #7740-2006 with JCI Jones Chemical, Inc. through September 9, 2008 at a cost not to exceed \$215,000 at a unit cost of \$0.95 cents per gallon for sodium hypochlorite and \$1.10 per gallon for sodium bisulfite.
2. Approve expenditures from A/C #621-8250-685-3242 (Parts/Materials- Chemical Supplies).

## **FINANCIAL IMPACT:**

**No Additional Funding Requested.** \$215,000 included in the approved FY 2008/2009 Wastewater Budget.

## **BACKGROUND:**

HCTP produces a high quality effluent that is discharged to the Arroyo Conejo and reclaimed downstream by the Camrosa Water District for irrigation. Following filtration of the treated wastewater, sodium hypochlorite and ammonia are combined in the effluent to provide effective disinfection. The effluent maintains a disinfectant residual for over two hours before it is dosed with sodium bisulfite to remove all chlorine just before it is discharged to the creek. Both chemicals are closely metered electronically and efficiently applied. There are no savings to be realized by using less of these chemicals as discharge permit compliance would be jeopardized. This would have been the third year of the original contract. There were no price increases in the first two years of the contract.

**DISCUSSION/ANALYSIS:**

Our current contract allows for an annual price adjustment and we have been notified of a 46 percent and 120 percent cost increase for two primary chemicals. Rather than accept these increases, staff recommends a 90-day contract extension while pursuing a bid process. The sudden increase in chemical costs from \$0.65 cents to \$0.95 cents per gallon for sodium hypochlorite, and from \$0.50 cents to \$1.10 per gallon, while inconvenient, is not surprising. If these numbers stay constant, the increased cost for these chemicals will be approximately \$220,000 annually. In conversations with chemical supplier JCI, they have experienced significant price increases in the materials which make up both sodium hypochlorite and sodium bisulfite.

Neighboring cities were contacted and they are also experiencing similar increases. Camarillo recently renewed a two-year contract and realized a price advantage due to a two year commitment. JCI believes that it would be in the City's best interest to accept the price increase rather than go out for competitive bid, but it is impossible to know now whether or not that is a good idea. JCI informed us that additional price increases in the next six months are likely. Historically, chemical companies have been willing to offer stable pricing for multi-year contracts. Such contracts now have the potential to be cost prohibitive.

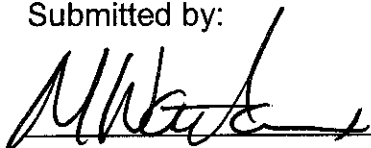
Due to the dramatic price increases, staff recommends a new bid process with the possibility of attracting new suppliers. A one to two year term with a fixed price may be the best the sodium bisulfite and hypochlorite chemical suppliers have to offer at this time. Recognizing the time sensitivity of this matter, HCTP staff has begun the Request for Bid process for these two chemicals.

**COUNCIL GOAL COMPLIANCE:**

Meets Council Goal E:

- E. As the City transitions from a "growth" community to a "maintenance and renewal" community, provide and enhance essential public infrastructure to implement the goals and policies of the Thousand Oaks General Plan, and ensure the City retains its role and reputation as a leader in protecting the environment and preserving limited natural resources.

Submitted by:



Mark D. Watkins  
Public Works Director

Prepared by:



Chuck Rogers  
HCTP Superintendent

**FIRST AMENDMENT TO  
AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE CITY OF THOUSAND OAKS  
AND  
JCI JONES CHEMICAL, INC**

**Contract No. 7740-2006**

THIS FIRST AMENDMENT to the Agreement for Professional Services entered into between the **CITY OF THOUSAND OAKS**, a municipal corporation, (hereafter "City") and **JCI JONES CHEMICAL, INC**, ("Service Provider"), dated June 13, 2006 (herein "Contract") is made this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

RECITALS

- A. Section 3 (a) of Contract, currently provides for a "not-to-exceed" total payment as consideration to Service Provider of \$381,287 in any one year [herein "annual not to exceed amount"], and shall be earned and billed on a per order basis through September 9, 2008, at a unit cost of \$1.10 per gallon for Sodium Bisulfite and at a unit cost of \$0.95 per gallon for Sodium Hypochlorite.
- B. Section 6 of the Contract, currently provides for a term expiration date of June 30, 2008. The City desires to extend the contract to September 9, 2008. The contract currently provides for three one-year extensions.

AGREEMENT TO AMEND

NOW, THEREFORE, the undersigned parties to Contract agree to amend Contract as described below:

Part 1. Subsection 3 (a) of Contract is hereby amended to read in the entirety as follows:

- (a) **Maximum and Rate.** The total compensation payable to Supplier by City for the supply and deliver of Sodium Bisulfite and Sodium Hypochlorite provided under this agreement **SHALL NOT EXCEED** the sum of \$381,287 in any one year (herein "annual not to exceed amount"), and shall be earned and billed on a per order basis through September 9, 2008 at a unit cost of \$1.10 per gallon for sodium bisulfite and \$.95 per gallon for Sodium Hypochlorite.

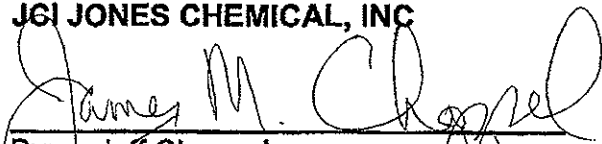
Part 2. Section 5 of the contract is hereby amended to read in its entirety as follows:

The term of this agreement is extended to September 9, 2008.

Part 5. All terms used in Part 1 and 2, above shall have the meanings ascribed thereto in Contract. Except as amended in Part 1 and 2, above, all other sections, terms, obligations, duties, clauses and provisions of Contract shall remain the same.

IN WITNESS WHEREOF, the parties execute this First Amendment to the Contract as of the date set forth above.

JCI JONES CHEMICAL, INC

  
By: Jeff Chappel  
Title: Executive Vice-President of Purchasing and Sales

JMC  
7/1

CITY OF THOUSAND OAKS

\_\_\_\_\_  
Jacqui V. Irwin, Mayor

ATTEST:

\_\_\_\_\_  
Linda D. Lawrence, City Clerk

APPROVED AS TO ADMINISTRATION:

\_\_\_\_\_  
Scott Mitnick, City Manager

APPROVED AS TO FORM

  
\_\_\_\_\_  
Tim Giles, Assistant City Attorney