

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve a price agreement with Eco Services Operations Corp for aluminum sulfate to be used at Hayden Bridge Water Filtration Plant.

Board Meeting Date: 6/4/2019

Project Name/Contract #: Price Agreement for Aluminum Sulfate / 1008-2019

Primary Contact: Rod Price Ext. 7122

Contract Amount:

Original Contract Amount: \$540,000 over 5 years

Additional \$ Previously Approved: \$0

Invoices over last approval: \$0

Percentage over last approval: 0%

Amount this Request: \$540,000

Resulting Cumulative Total: \$540,000 (\$108,000 estimated annual average)

Contracting Method:

Method of Solicitation: Direct Negotiation

If applicable, basis for exemption: EWEB Rule 6-0230 Water Filtration Chemicals

Term of Agreement: 5 Years

Option to Renew? Yes

Approval for purchases "as needed" for the life of the Contract Yes No

Proposals/Bids Received (Range): n/a

Selection Basis: EWEB Purchasing Rule 6-0230

Narrative:

Operational Requirement and Alignment with Strategic Plan

Hayden Bridge Operations Staff requires the use of specific chemicals in their mission to provide clean, drinking water to the Community. To fulfill this operational requirement, EWEB's Water Filtration Plant relies on a coagulant compound called "Aluminum Sulfate". Microorganisms present in drinking water include viruses, bacteria, and protozoa. At low levels, these organisms can cause sickness and disease and are generally very difficult to remove from water. The parasites *Giardia* and *Cryptosporidium* are very resistant to most types of disinfection, including chlorination. Water treatment with aluminum sulfate is, however, effective at removing these parasites when used in a chemical treatment process called coagulation.

Contracted Goods or Services

Aluminum sulfate is a chemical compound that is soluble in water and used as a coagulating agent (promoting particle collision by neutralizing charge) in the purification of drinking water and waste water treatment plants. This chemical will be purchased on an "as needed" basis. Procurement data evidences EWEB usage at approximately 280 dry tons, annually.

Prior Contract Activities

The Board approved a contract with Eco Services Operations Corp (nee Solvay, Inc.) in 2014. The prior contract amount was for \$573,000 over five years. Spend on the prior contract is approximately \$417,200. Eco Services Operations Corp has been responsive to all needs and no performance concerns were recorded. Furthermore, no price increases were requested over the duration of the contract.

Purchasing Process

Purchase of Water Filtration Chemicals is exempt from a competitive bidding process per Board Approved EWEB Purchasing Rule 6-0230. EWEB negotiated a contract with Eco Services Operations Corp based on limited

availability of liquid Aluminum Sulfate in the region in the quantities EWEB requires.

Competitive Fair Price (If less than 3 responses received)

Purchasing Staff evaluated the pricing offered by Eco Services Operations Corp and determined that the negotiated pricing is fair based on a review of federal inflation rates of 7.4% published by the Bureau of Labor Statistics (BOLS) over the past 5 years and the BOLS Producers Price Index (PPI) pricing changes for Aluminum Compounds (1.6%). These pricing metrics indicate a 9% price increase over 5 years and is aligned with the price increase requested by Eco Services Operations Corp of 8.8%

ACTION REQUESTED:

Management requests the Board approve a price agreement with Eco Services Operations Corp for aluminum sulfate. Approximately \$105,000.00 was planned for these goods in the Water Production 2019 budget of \$3.3 million. Variances will be managed within the budget process and Board policy.