



Agenda Report

File #: 19-0655

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: July 17, 2019

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Department of Water and Power

SUBJECT:

City Council and Corona Utility Authority consideration of an emergency purchase order and agreement with Baghouse & Industrial Sheet Metal Services for the emergency repair of the rotary thermal dryer burner tunnel at Water Reclamation Facility #1 and appropriate \$90,000 from the Water Reclamation Utility Fund.

RECOMMENDED ACTION:

That the:

1. City Council authorize an emergency purchase order and agreement with Baghouse & Industrial Sheet Metal Services of Corona, CA, in the amount of \$90,000 for the emergency repair of the rotary thermal dryer burner tunnel at Water Reclamation Facility #1.
2. City Council authorize the General Manager to execute a Maintenance/General Services Agreement with Baghouse & Industrial Sheet Metal Services in the amount of \$90,000 and to approve necessary change orders or amendments up to 25% of the original contract amount.
3. City Council authorize an appropriation of \$90,000 to the operating budget from the available working capital in the Water Reclamation Utility Fund 572.
4. City Council authorize the Purchasing Agent to issue purchase orders in accordance with the duly authorized and executed agreements, change orders, amendments and renewals.

5. City Council make a determination under Corona Municipal Code (CMC) Section 3.08.140(A) that competitive bidding is not required for this purchase based upon the reasons provided in the "Basis for Exception to Competitive Bidding" section of this agenda report.
6. Corona Utility Authority (CUA) review, ratify and to the extent necessary direct that the City Council take the above actions.

ANALYSIS:

The Department of Water and Power (DWP) operates three water reclamation facilities in Corona treating all the wastewater produced within DWP's service area. DWP operates a rotary thermal dryer at Water Reclamation Facility #1 located at 2205 Railroad for the express purpose of treating and drying wet sludge. The rotary thermal dryer converts wet sludge into dry biosolids in the form of pellets. The dryer consists of several major pieces of equipment including: mixer, furnace, rotating drum, separator, bucket elevators, sieve, pellet cooler, recycle silo, final silo and regenerative thermal oxidizer.

As the dryer is a considerable part of DWP's wastewater treatment process, DWP maintenance staff takes the dryer out of service twice per year for preventive maintenance. These twice-yearly preventive maintenance cycles occur in or around November (for a mid-year inspection lasting approximately 1 week) and in or around June (for a yearly inspection lasting approximately 2 weeks). During the November 2018 shutdown staff found no major mechanical failures and equipment tested well. The June 2019 shutdown started on Monday June 3rd and was scheduled to be completed by Saturday June 22nd. On Thursday June 13th staff identified significant failure of the inner tunnel of the dryer furnace. Approximately 25% of the tunnel had deteriorated completely and was no longer usable.

On June 14th staff contacted Baghouse & Industrial Sheet Metal Services (Baghouse), a company known to DWP to provide excellent service on difficult jobs. Baghouse confirmed they could complete the repairs but would need to remove the old tunnel to prepare a quote for the replacement. Once the tunnel was removed there would be no method of returning the tunnel to operation and the dryer would effectively be non-operational until the repairs could be made. At that time DWP management, in coordination with City Management and the Purchasing Division, made the determination to proceed with the repairs under an emergency condition. The cost to the City for the dryer to be non-operational is considerable; without the dryer to produce biosolid pellets the City must rely on haulers to remove wet sludge from the facility at a cost of approximately \$3,300 per day to remove an average of 75 tons of wet sludge each day. If DWP had proceeded with a bid for this project that process could have taken upwards of four weeks, requiring the City to continue costly hauling in addition to the cost of the repairs.

Baghouse provided a quote for the work (attached) for \$82,496 plus tax and shipping/handling. Baghouse was also required to receive a payment bond for the project at 3% of the total contract price. DWP is requesting a purchase order and agreement in the amount of \$90,000 with approval for change orders up to 25% to complete the work. The work is scheduled to be completed by July 12, 2019 and the repaired component should have a 20+ year lifespan.

BASIS FOR EXCEPTION TO COMPETITIVE BIDDING

Staff believes that an exception to competitive bidding is warranted for this purchase pursuant to

Corona Municipal Code (“CMC”) Section 3.08.140(A), which states as follows:

“(A) **Emergencies.** When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determine that an emergency exists, as defined in § 3.08.010.”

Section 3.08.010 defines an emergency as:

“(H) "Emergency" for purposes of public projects shall have that meaning provided in Cal. Public Contract Code §§ 22035 and 22050. "Emergency" for all other purchasing or contracting purposes means a situation which makes competitive bidding, either formal or informal, impractical or not in the best interests of the city.”

Staff believes this situation meets the definition of emergency in this case. At the time the failure was found the dryer had already been out of service for 15 days and further delays would have resulted in even further expenses to the City.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Approval of the recommended actions will result in an appropriation of \$90,000 in the Department of Water and Power’s operating budget from the Water Reclamation Utility Fund 572.

Fund	07/01/19 Est. Working Capital	Budgeted Revenues/ Sources	Budgeted Expenditures/ Uses	Working Capital Impacts	06/30/20 Est. Working Capital
Water Reclamation Utility Fund 572	\$38,789,705	\$32,726,323	(\$31,725,771)	(\$90,000) Appropriation	\$39,700,257

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

PREPARED BY: KATIE HOCKETT, ASSISTANT GENERAL MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: CITA LONGSWORTH, PURCHASING MANAGER

REVIEWED BY: KIM SITTON, FINANCE MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

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REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER & EXECUTIVE DIRECTOR

Attachments:

1. Baghouse Quote
2. City Council CUA Baghouse - LOA - Rotary Dryer Burner Tunnel Emergency Repair Project 06-24-19
3. Baghouse MGSA 06-24-19