



Legislation Text

File #: 24-0170, Version: 1

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

DATE: 03/06/2024

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

FROM: Utilities Department

SUBJECT:
CHANGE ORDER WITH THATCHER COMPANY FOR PURCHASE OF ALUMINUM SULFATE FOR
POTABLE WATER TREATMENT

EXECUTIVE SUMMARY:

This staff report asks City Council to approve an increase to the purchase order with Thatcher Company of Nevada, Inc. for aluminum sulfate for potable water treatment in Fiscal Years 2024-2026. This request is due to significant increases in chemical prices. Aluminum sulfate is critical to the treatment process and ensures City treatment plants are operational and continue to comply with local, state, and federal laws and regulations.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the City Manager, or his designee, to execute a change order to the purchase order with Thatcher Company of Nevada, Inc., in the amount of \$56,700 for an annual purchase amount of \$148,000 per year for Fiscal Years 2024 - 2026 including non-substantive extensions, purchase orders, change orders and amendments up to 10% or \$14,800, as authorized in Corona Municipal Code [Section 3.08.080\(I\)](#).
- b. Authorize an appropriation in the amount of \$56,700 from the Water Utility Fund 570 to the Utilities Department operating budget.

That the Corona Utility Authority review, ratify, and to the extent necessary, direct that the City Council take the above actions.

BACKGROUND & HISTORY:

The Utilities Department (UD) operates four water treatment facilities serving the City of Corona. The Utilities Department uses a variety of chemicals at these facilities to treat potable water to ensure compliance with state and federal laws and regulations.

On June 8, 2021, the Purchasing Division issued Notice Inviting Bids (NIB) No. 21-082CA for Potable Water and Water Reclamation Treatment Chemicals. Purchase orders were awarded to the lowest bidder for each of the chemicals starting in Fiscal Year (FY) 2022 with four one-year renewals through FY2026. On July 7, 2021, the City Council approved an annual purchase order to Thatcher Company of Nevada, Inc. (Thatcher) for the purchase of aluminum sulfate 43.65% (10% acidified) and aluminum sulfate 48.5% for \$83,000, with a 10% change order authority. On July 1, 2023, the City exercised the change order authority to increase the purchase order to \$91,300.

ANALYSIS:

The Utilities Department has experienced chemical pricing increases over the last several years. As of July 1, 2022, Thatcher increased their unit price to \$1.80/gallon for aluminum sulfate 43.65% (10% acidified), and \$1.75/gallon for aluminum sulfate 48.5%. Thatcher agreed to hold their Fiscal Year 2023 pricing through Fiscal Year 2024. The Utilities Department uses aluminum sulfate at the Lester Treatment Plant and Sierra del Oro Treatment Plant as a necessary chemical in the treatment of raw surface water from the Colorado River. The aluminum sulfate causes suspended impurities in the water to coagulate into larger particles that can easily be filtered out. This allows the filters at the plants to be more efficient. In addition to the price increase, Operations staff have had to increase the dose due to water quality and due to the unavailability of carbon dioxide for Sierra del Oro Treatment Plant.

	FY2022 Pricing	FY2022 PO	Est. Annual Usage	FY2024 Rate	Est. Annual Cost
Aluminum sulfate 43.65% (10% acidified) - Lester	\$1.26/gal	\$61,000	55,000 gallons	\$1.80/gal	\$99,000
Aluminum sulfate 48.5% - SDO	\$1.20/gal	\$22,000	49,000 gallons	\$1.75/gal	\$49,000

There were, and still are, a lot of unknowns in the economic climate surrounding chemical manufacturing and delivery, and staff expect pricing adjustments in the future until things settle down. The impacts of the COVID-19 pandemic remain prevalent, manifesting through staffing issues and supply chain challenges. Other challenges include increased wages, diesel fuel, and raw material prices.

As a result of the price increases for the chemicals used in the treatment processes, Staff requests an increase to Thatcher in the amount of \$56,700 for an annual Purchase Order of \$148,000 for Fiscal Years 2024-2026.

FINANCIAL IMPACT:

Approval of the recommended actions will result in an appropriation in the amount of \$56,700 from the Water Utility Fund 570 to the Utilities Department operating budget. There is sufficient working capital in the Water Utility Fund 570 for the recommended actions.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action involves the purchase of required chemicals for water and sewer treatment, and there is no possibility that the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

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