

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 5

Date: August 8, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Christopher McKinney, Director of Utilities

SUBJECT: Authorization to Terminate Liquid Chlorine Bid Award to Thatcher Company and Approve Bid Award for Liquid Chlorine to DX Systems

RECOMMENDATION:

The Utilities Department requests Council adoption of Resolution 2012-138 authorizing termination of the liquid chlorine delivery with Thatcher Company and approve the bid award for liquid chlorine delivery to DX Systems.

FISCAL ANALYSIS:

The existing bid award for liquid chlorine delivery with Thatcher Company includes annual purchases of up to \$180,411 for 363 tons of liquid chlorine. The new bid award with DX Systems includes annual purchases of up to \$258,456 for 363 tons of liquid chlorine, an annual increase of up to \$78,045 or 43%. Funds are currently available in the FY 2012 Water operating budget to cover these additional expenditures.

BACKGROUND:

On June 20, 2012, Council approved a bid award to Thatcher Company for delivery of liquid chlorine to the Water Treatment Plant. During the first delivery on July 12, 2012, Thatcher Company failed to comply with five requirements in the specifications for delivery outlined in the bid award. Therefore, Utilities Department staff have chosen to terminate the bid award with Thatcher Company.

In the time since Thatcher Company was notified of the Department's intent to terminate the bid award, an emergency Purchase Order was opened with DX Systems for delivery of liquid chlorine until a new bid award can be approved.

August 8, 2012


Terminate Liquid Chlorine Bid Award with Thatcher Co. and Approve Bid Award to DX Systems

Page 2

The new requested bid award will be with DX Systems, the next-lowest qualified bidder and the liquid chlorine provider prior to June 30, 2012.

As with the approved award to Thatcher Company, the terms of the new bid award will specify delivery of up to 363 tons of liquid chlorine. The price per ton is fixed for two years, with a provision for three one-year extensions by mutual agreement between DX Systems and the City.

Respectfully submitted,

A handwritten signature in cursive script that reads "Christopher W. McKinney". The signature is written in dark ink and includes a large, stylized flourish at the end.

Christopher McKinney
Director of Utilities

RESOLUTION NO. 2012-138

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE CITY MANAGER OR
HIS DESIGNEE TO TERMINATE THE
LIQUID CHLORINE CHEMICAL BID AWARD
WITH THATCHER COMPANY AND
APPROVE THE CHEMICAL BID AWARD TO
DX SYSTEMS

WHEREAS, the City Council approved a chemical bid award to Thatcher Company on June 20, 2012, for delivery of liquid chlorine to the Water Treatment Plant; and

WHEREAS, Thatcher Company failed to comply with five requirements in the specifications during their first delivery of chemicals to the plant; and

WHEREAS, DX Systems was the next-lowest qualified bidder to deliver liquid chlorine; and

WHEREAS, DX Systems proved their ability to deliver liquid chlorine to the Water Treatment Plant as the contractor for these deliveries prior to June 30, 2012.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. That the Mayor and the City Council authorize the City Manager or his designee to terminate the chemical bid award to Thatcher Company for delivery of liquid chlorine to the Water Treatment Plant.
3. That the Mayor and the City Council authorize the City Manager or his designee to approve, on behalf of the City, a chemical bid award with DX Systems for delivery of liquid chlorine to the Water Treatment Plant.