



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Works
Department No.: 054
For Agenda Of: 1/13/2009
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Directors, Laguna County Sanitation District

FROM: Department Scott McGolpin, Director, x3010
Director(s) Public Works Department

Contact Info: Mark Schleich, Deputy Director, x3600
Public Works Department

SUBJECT: Purchase of Membranes for the Tertiary Filtration System at the Laguna County Sanitation District Wastewater Reclamation Plant – Fourth Supervisorial District

County Counsel Concurrence

As to form: No

Auditor-Controller Concurrence

As to form: No

Other Concurrence: Purchasing

As to form: Yes

Recommended Actions:

- A. Authorize the County Purchasing Agent to procure membranes from GE Water & Process Technologies (parent company of Zenon), not a local vendor, without being required to conduct a formal bid process.
- B. Authorize the County Purchasing Manager to execute a multi-year contract with GE Water & Process Technologies for the purchase of membranes for the tertiary filtration system at the Laguna County Sanitation District wastewater reclamation plant.

Summary Text:

Pursuant to County Code Section 2-39, the Board may waive the competitive bidding requirement where there are limitations on the source or supply. The District installed a tertiary membrane filtration system as part of the TDS Reduction and Recycled Water project in 2003. The system utilizes membranes assembled in cassettes that require eventual replacement. Prearranged pricing with the vendor at an amount less than the standard pricing has been established, which expires March 31, 2013. 310 of the 728 membranes have been replaced to date. This action requests that the board authorize the County Purchasing Agent to procure the remaining 418 membranes over the next four years.

Background:

The tertiary filtration system at the reclamation plant filters water through very small pores. The Zenon 500C series membranes wear at a rate resulting in longevity of 5 to 10 years. A 10-year replacement price guarantee of \$725 per membrane subject to square footage and monetary exchange rates and not including tax and shipping, was provided upon initial installation. The first 5 years also included a further prorated price reduction. The last purchase price per membrane was approximately \$1,336 per unit. The manufacturer’s suggested retail price is approximately \$2,000 per unit.

To date, 310 of the 728 membranes have been replaced either due to wear, or in some cases, defects in manufacturing. Manufacturing practices have improved and it is the intent of the District to replace the remaining 418 membranes before the end of the prearranged replacement price expires, which coincides with the maximum expected material longevity.

Because GE Water & Process Technologies is located in Oakville, Ontario, Canada and the membranes are manufactured in Budapest, Hungary, orders for new membranes take approximately 6 months. Because the tertiary filtration system is proprietary, only one vendor makes the membrane matching those in use. Replacement with another brand would require retrofitting the cassettes and piping and complete replacement of the membranes all at once. In addition, it is the intent to avoid or reduce the impact of urgent replacements by planning the replacement of the remaining membranes as needed over the remaining time in the price guarantee period. To accomplish this, staff requests the Board waive the competitive bid requirement (only one vendor) and authorize the County Purchasing Agent to procure the remaining membranes as needed over the next four years, subject the budgetary arrangements. At this time, it is anticipated that 105 membranes will be replaced in each of the next two years and 104 membranes in the two years thereafter at an approximate cost of \$160,000 per year.

Performance Measure:

Replacement of the tertiary filtration membranes on the above replacement schedule will ensure that the membranes are replaced consistent with their expected useful life at the best price possible.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:		\$ 160,000.00	
Total	\$ -	\$ 160,000.00	\$ -

Narrative: The replacement cost of the remaining membranes will be approximately \$160,000 per year. The exact price is subject to variable exchange rates, square footage differential in the replacement membranes, and variable shipping costs. Sales tax also applies. Approximate budgeted annual costs for replacement have historically been \$100,000 per year.

Staffing Impacts

Purchase of Tertiary Filtration Membranes

Agenda Date: January 13, 2009

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There are no staffing impacts with this action.

Special Instructions:

Direct the Clerk of the Board to forward a certified copy of the minute order to:

John McMillin, General Services Department, Purchasing Manager, and,

Martin Wilder, Public Works Department, Laguna County Sanitation District Manager

Attachments:

None

Authored by:

Martin Wilder, Manager, x8750

Public Works Department

Copy:

Colleen Hankins, Accountant, Resource Recovery & Waste Management Division

John McMillan, Purchasing Manager, General Services Department