



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:** July 18, 2023  
**Placement:** Administrative  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Directors, Laguna County Sanitation District

**FROM:** Department Scott D. McGolpin, P.E., Director, (805) 568-3010  
Director(s)  
Contact Info: Jeanette Gonzales-Knight, P.E., Interim Deputy Director, (805) 882-3627

**SUBJECT:** Request for Waiver Increase on Competition in Purchase of Chemicals for Laguna County Sanitation District – Fourth Supervisorial District

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence: Purchasing**

As to form: Yes

**Recommended Actions:**

That the Board of Directors:

- a) Authorize the County Purchasing Agent to increase the previously approved competitive bid waivers per County Code Section 2-39(c) to procure wastewater treatment process chemicals from Brenntag Pacific, Inc. in an amount not to exceed \$650,000 annually (increased from \$400,000 on May 10, 2022 Board action); and Garratt-Callahan Company in an amount not to exceed \$200,000 annually (increased from \$75,000 on May 10, 2022 Board action), without being required to conduct a formal bid process through June 30, 2027; and
- b) Determine that the above action is not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(2) of the CEQA Guidelines, because it is for continuing maintenance activity for the purchase of supplies.

**Summary Text:**

This item is on the agenda in order to increase previously approved competitive bid waivers to retain vendors to supply chemicals used in the treatment processes at the Laguna County Sanitation District wastewater reclamation plant for fiscal years 2022-2023 through 2026-2027. These specialized chemicals are supplied by Brenntag Pacific, Inc. and Garratt-Callahan Company. Each vendor supplies chemicals at costs exceeding \$25,000 annually. However, due to market volatility, supply limitations,

and the need to secure long-term supply, it is in the best interest of the District to waive the requirement for a competitive bid. County Code Section 2-39(c) allows for a bid waiver to be approved by the Board when there are limitations in the source or supply. Due to inflation and global supply chain issues, chemical costs have increased and therefore, an increase to the previously approved competitive bid waiver is required.

**Background:**

The Laguna County Sanitation District (District) operates a wastewater reclamation plant that serves the Orcutt and unincorporated Santa Maria area. The reclamation plant underwent a regulatory upgrade completed in 2003 that increased treatment to tertiary levels. Several of the treatment processes require supplies of certain chemicals for purposes of maintaining pH, membrane cleaning, and prevention of element fouling and damage.

The current vendors are listed in the table below along with the specific chemicals, use, and approximate annual costs. Annual costs are estimated for FY 2022-2023 and are expected to continue to increase due to inflation in the coming years.

Vendor	Chemical	Use	FY 2021-2022 Annual Cost	FY 2022-2023 Annual Cost
Brenntag	Sulfuric acid	pH control on RO feed water	\$ 21,000	\$ 26,000
	Sodium hypochlorite	Tertiary membrane cleaning	\$ 91,000	\$136,000
	Citric acid	Tertiary membrane cleaning	\$218,000	\$275,000
	Aqua ammonia	Convert free chlorine to chloramines on RO feedwater	\$ 9,000	\$ 19,000
	Subtotal			\$339,000
Garratt Callahan	Formula 6630 Antiscalant	RO elements antiscalant	\$ 53,000	\$ 83,000
<b>CURRENT TOTAL ANNUAL COST</b>			<b>\$392,000</b>	<b>\$539,000</b>

On May 10, 2022, the Board of Directors authorized a competitive bid waiver to procure wastewater treatment process chemicals from Brenntag Pacific, Inc. in the amount not to exceed \$400,000 annually and Garratt-Callahan Company in an amount not to exceed \$75,000 annually without being required to conduct a formal bid process through June 30, 2027. As shown, chemical costs have increased such that the waiver amounts need to be increased. For example, citric acid costs have increased from \$218,000 per year to \$275,000 per year, increasing by 26%. Current price increases are due to inflation and global supply chain issues. To account for possible future price increases, staff recommends increasing the waiver amounts for Brenntag Pacific, Inc. from \$400,000 to \$650,000 and Garratt-Callahan Company from \$75,000 to \$200,000 without being required to conduct a formal bid process through June 30, 2027.

The chemical supply bid was last conducted in 2015. As a matter of practice, the contracts could be renewed provided pricing did not exceed allowable inflationary indices or contract totals. However, recent market volatility due to both chemical supply and transportation have caused costs to exceed normal inflationary price escalations.

With respect to Brenntag Pacific, Inc., citric acid in particular has increased significantly and this vendor has indicated they will not supply new customers due to supply shortages (Order Book Control). Maintaining supply from this vendor is a necessity because they cannot bid on new solicitations. This vendor was the low bidder in 2015 and it is reasonable to conclude that the current market rates would result in similar prices as shown for the other chemicals.

Garratt-Callahan Company provides a proprietary antiscalant chemical that has proven to work best for the reverse osmosis elements used by the District. Antiscalant from other suppliers have been used but the product was also proprietary, did not work effectively, and caused operational problems.

Therefore, staff requests that the Board increase the previously approved competitive bid waivers per County Code Section 2-39(c), which allows for a bid waiver when there are limitations in source or supply, and authorize the County Purchasing Agent/Chief Procurement Officer to procure the listed chemicals from the associated vendors at the recommended amounts; and authorize the purchase orders to be renewed for the same not to exceed amounts for fiscal years 2022-2023 through 2026-2027. In the event markets stabilize, new contracts would be negotiated or the chemical supply would be bid.

**Performance Measure:**

Operation of the wastewater reclamation plant is essential. The use of these chemicals is required in the processes to treat wastewater. This action ensures that the supply of these chemicals can be maintained.

**Contract Renewals and Performance Outcomes:**

Vendor has reliably supplied chemicals as needed.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State			
Federal			
Fees			
Other: LCSD Oper		\$ 850,000.00	
Total	\$ -	\$ 850,000.00	\$ -

Chemical costs will be budgeted in the District’s operations and maintenance budget each year and this amount has been budgeted in FY 2023-2024.

**Key Contract Risks:**

Contracts with these vendors will be purchase orders with standard terms and conditions. Contracts have medium risk.

**Staffing Impacts:**

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:

- Purchasing agent, General Services Department-Purchasing Division; and
- Kevin Thompson, Public Works Department, Laguna County Sanitation District Interim Manager

**Attachments:**

None

**Authored by:**

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**Copy:**

Martin Wilder, Public Works Resource Recovery and Waste Management Division, Interim Deputy Director

Angela Arredondo, Laguna County Sanitation District, Cost Analyst I