



Agenda Report

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FROM: James D. Herberg, General Manager
Originator: Rob Thompson, Assistant General Manager

SUBJECT:

**REGIONAL ODOR AND CORROSION CONTROL SERVICES (ROCCS) PROGRAM,
SPECIFICATION NO. C-2017-899BD CONTINGENCY INCREASE**

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Approve a unit price contingency increase of \$0.74/gallon to the calcium nitrate contract with US Peroxide, LLC dba USP Technologies for the Regional Odor and Corrosion Control Services, Specification No. C-2017-899BD (PO 106291-OB), for July 1, 2021 through June 30, 2022, for a new total amount of \$3.21/gal; for a total estimated usage of \$1,071,339; and
- B. Approve Amendment No. 2 to the contract with Hill Brothers Chemical Company for Regional Odor and Corrosion Control Services, Specification No. C-2017-899BD (PO 106264-OB), for the period beginning July 1, 2021 through June 30, 2022, to approve an additional application service rate of \$80/site per day, a field service rate of \$80/site per day, and a flat surcharge delivery fee of \$400 for small truck deliveries (under 2,500 gallons) for low dosage sites of ferrous chloride only, including but not limited to Crystal Cove Pump Station and Tiffany Lift Station.

BACKGROUND

In April 2018, the Orange County Sanitation District's (OC San) Board of Directors awarded an Agreement to Hill Brothers Chemical Company and US Peroxide, LLC dba USP Technologies (the Suppliers) for the Regional Odor and Corrosion Control Services (ROCCS) Program, Specification No. C-2017-899BD, for the supply, delivery, and dosing services of magnesium hydroxide, ferrous chloride, and calcium nitrate. These agreements provide continuous chemical dosing within the regional trunk system and major tributary sewers using a combination of three chemicals tailored to unique site requirements. In addition to supplying the chemicals, the Suppliers provide all necessary equipment, including tanks, containment, pumps, piping, secure fencing, and equipment monitoring to determine tank levels, leaks, and pump rates. The ROCCS program currently operates 10 continuous chemical dosing sites located in nine member-agency cities to reduce odors in OC San's service area and extend sewer pipes' life expectancy. Staff maintains oversight and daily interaction with the outsourced service providers.

Amendment No. 1 with Hill Brothers Chemical Company was executed effective December 16, 2019, replacing Appendix E of the agreement to update the technical specifications for Magnesium Hydroxide.

When staff initiated the Agreement renewal process with the Suppliers, US Peroxide, LLC dba USP Technologies notified staff of an increase in the unit price of calcium nitrate. Some of the reasons cited for the unit price increase are trucking and rail freight fee increases, the supply of critical raw materials, and market conditions triggering the cost increase.

RELEVANT STANDARDS

- 12 or fewer odor complaints per year under normal operating conditions in the collection system
- Zero odor incidents/events under normal operating conditions for Plant Nos. 1 and 2
- Operate and maintain facilities to minimize impacts on surrounding communities, including odor, noise, and lighting.

PROBLEM

The chemical unit cost of calcium nitrate increased beyond the annual approved contingency amount of 15%.

The current ferrous chloride fee structure does not accommodate low dosage applications that would allow staff to substitute ferrous chloride for the higher cost calcium nitrate at Crystal Cove Pump Station and Tiffany Lift Station.

PROPOSED SOLUTION

US Peroxide, LLC dba USP Technologies and staff negotiated a price adjustment for calcium nitrate. Staff recommends approval of the unit price increase for calcium nitrate to \$3.21 per gallon which represents a 30% annual increase from the current \$2.47 per gallon. Staff is adjusting the dosing levels of the three potential ROCCS chemicals to minimize the total program cost while meeting the odor and corrosion goals.

Staff also recommends the approval of an Amendment to the Chemical Supplier Agreement with Hill Brothers Chemical Company to add a low dosage fee structure for ferrous chloride. The original ferrous chloride fees were for large format storage tanks and pumps. New low dosage ferrous chloride tanks are proposed at Crystal Cove Pump Station and Tiffany Lift Station to support the chemical substitution/optimization discussed above. Staff recommends an additional application service rate of \$80/site per day, a field service rate of \$80/site per day, and a flat surcharge delivery fee of \$400 for small truck deliveries (under 2,500 gallons) for low dosage sites of ferrous chloride.

TIMING CONCERNS

If no action is taken, then a lapsed or reduced service level for odor control will occur at some remote dosing stations.

RAMIFICATIONS OF NOT TAKING ACTION

Without action, calcium nitrate addition in the collection system will cease and substitution of ferrous chloride cannot occur. Normal biological action in the sewer system will produce hydrogen sulfide, which causes odor and corrosion problems in the collection system.

PRIOR COMMITTEE/BOARD ACTIONS

April 2018 - Awarded a Chemical Supplier Agreement to US Peroxide, LLC dba USP Technologies, for the ROCCS Program, Specification No. C-2017-899BD, for the period July 01, 2018, through June 30, 2019, with four (4) one-year renewal options for the supply and delivery of Calcium Nitrate at the unit price of \$1.975/gallon delivered (plus applicable sales tax) with application services at a unit price of \$25/per site per day; field services at a unit price of \$25/per site per day; a Crystal Cove delivery fee of \$175 per deliver for an estimated total annual amount of \$498,794; and approved annual unit price and program price contingency of 15% per agreement.

April 2018 - Awarded a Chemical Supplier Agreement to Hill Brothers Chemical Company, for the ROCCS Program, Specification No. C-2017-899BD, for the following chemical supply and dosing services for the period July 1, 2018 through June 30, 2019, with four (4) one-year renewal options, for the Supply and delivery of Ferrous Chloride at the unit price of \$508.82/dry ton delivered (plus applicable sales tax); with Application Services at a unit price of \$25/ per site per day and Field Services at a unit price of \$25/ per site per day for an estimated total annual amount of \$2,001,263; and approved annual unit price and program price contingency of 15% per agreement.

ADDITIONAL INFORMATION

For Fiscal Year 2023-24, staff intends to advertise for competitive bids to provide these services.

CEQA

N/A

FINANCIAL CONSIDERATIONS

This request complies with authority levels of OC San's Purchasing Ordinance. This budgeted item is in the Fiscal Year 2017-18 Budget, Division 820 (Line item: Supplies Section 06, Page 76).

<u>Date of Approval</u>	<u>Contract Amount</u>	<u>Contingency</u>
05/26/2021	\$1,071,339	(30%) \$321,401.70

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Amendment No. 2 - Hill Brothers Chemical Company

DS:sr:gc