



## Staff Reports

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**File #:** 71-2022, **Version:** 1

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**To:** Honorable Mayor and Members of City Council

**From:** Phil Brun, Utilities Director

**Prepared By:** Sara Gallegos, Management Analyst II

**TITLE:**

Sodium Hydroxide Chemical Purchase

**RECOMMENDED ACTION:**

Authorize the Utilities Director to execute a contract with Brenntag Pacific, Inc., in an amount not to exceed \$200,000 for Sodium Hydroxide for use at the three City of Napa potable water treatment facilities, and determine this action is exempt from CEQA.

**DISCUSSION:**

The Water Division uses chemicals as part of the water treatment process to provide potable water to the City of Napa. To receive competitive prices for chemicals, the Water Division participates in the North Bay Chemical Agency Pool (NBCAP) which is comprised of various local municipalities' water treatment and wastewater treatment operations. The City of Napa has participated in the pool bid process for over 20 years. The NBCAP members collectively advertise, obtain bids, and award bids in May each year for treatment process chemicals that most agencies use in day-to-day operations. Competitive pricing is ensured, but market forces drive the cost of chemicals.

Halfway into the fiscal year, Brenntag alerted its customers of a significant price increase from \$490 to \$690 per unit, due to global demands exceeding supply, increased global costs of main ingredients, and low nationwide inventory creating supply chain issues and product shortages. In addition to this 41% price increase, due to post-drought water quality, the City had to increase the dosage of sodium hydroxide to optimize the treatment process. Regionally after the October storms raw water quality was especially challenging due to post-drought runoff and fires in the watersheds of the State Water Project system. The result is a spike in costs for chemicals necessary to ensure clean, safe, potable water. Historically, our total annual expenditures for sodium hydroxide were below \$125,000 and within limits of staff authorization.

To confirm we are still paying the lowest price for this chemical, staff has requested quotes from other sodium hydroxide suppliers. Other suppliers have also increased their prices. Univar prices have risen from \$534 to \$865 per unit. Olin will not provide a quote. Brenntag remains the lowest and best option of the local suppliers. The NBCAP is about to advertise bids for fiscal year 2023 and price increases are anticipated for several chemicals that are facing supply shortages. Water suppliers in other regions have not only seen price increases, they have faced interruption of product delivery. Staff will be working regionally to ensure reliability of product deliveries.

**FINANCIAL IMPACTS:**

There are sufficient funds in Water Enterprise Fund account 53007-56501 for the purchase of chemicals required for the potable water treatment process.

**CEQA:**

City staff recommends that the City Council determine that the Recommended Action is exempt from CEQA pursuant to CEQA Guidelines Section 15301(a) (Existing Facilities) which exempts operation, repair, maintenance or minor alteration of existing public or private structures, facilities, mechanical equipment or topographic features involving no expansion of use beyond that previously existing.

**DOCUMENTS ATTACHED:**

ATCH 1 - North Bay Chemical Agency Bid Invitation  
ATCH 2 - North Bay Chemical Agency Bid Results  
ATCH 3 - North Bay Chemical Agency Bid Award  
ATCH 4 - Written Determination for Procurement

**NOTIFICATION:**

None