

CITY OF SANTA ROSA
BOARD OF PUBLIC UTILITIES

TO: BOARD OF PUBLIC UTILITIES
FROM: RITA MILLER, DEPUTY DIRECTOR OF ENVIRONMENTAL SERVICES
SUBJECT: FIRST AMENDMENT TO PRAXAIR PRODUCT SUPPLY AGREEMENT PT543, WITH PRAXAIR DISTRIBUTION, INC. FOR CONTINUED SUPPLY OF COMPRESSED GAS SUPPLY, MICRO-BULK GAS SUPPLY, MICRO-BULK EQUIPMENT RENTAL AND ASSOCIATED DELIVERY AND HAZARDOUS MATERIALS CHARGES FOR THE LAGUNA ENVIRONMENTAL LABORATORY

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Water Department that the City of Santa Rosa Board, by resolution, award the First Amendment to Product Supply Agreement PT543 with Praxair Distribution, Inc. to 1) increase the not to exceed amount by \$250,000, for a total not to exceed \$299,000, 2) approve a contract expiration date of March 31, 2023 and, 3) delete existing Agreement section titled "Right of Refusal." As regular operating expenditures, funds required for these operational expenses (i.e., gases and micro-bulk equipment rental), were appropriated in the FY 2017-18 budget and will be included in future budget proposals when presented to the Board of Public Utilities and City Council.

EXECUTIVE SUMMARY

Supply of operational gases and associated equipment rental for the Laguna Environmental Laboratory is being provided under Praxair Product Supply Agreement PT543, issued as an attachment to Purchase Order No. 150341, a Praxair Distribution, Inc. Product Supply Agreement. The Agreement needs to be amended to increase the not to exceed amount, approve the contract expiration date and delete the section titled "Right of Refusal."

BACKGROUND

On March 31, 2016, the City Purchasing Agent awarded Purchase Order No. 150341

for compressed gas supply, micro bulk gas supply, associated equipment rental and delivery and hazardous materials charges. A not to exceed amount of \$49,000 was established. The Purchase Order includes non-standard terms in the form of Praxair Product Supply Agreement PT543. City currently needs to increase the not to exceed amount, approve the Agreement expiration date and amend PT543 contract terms related to first rights of refusal upon contract expiration.

The Laguna Environmental Laboratory uses a variety of gases in its operations. The laboratory's analytical instruments require these gases for proper operation. Helium, Hydrogen and Air Ultra Zero gases are provided in compressed gas cylinders and Liquid Argon and Liquid Nitrogen are provided through micro-bulk delivery. Telemetry is used on the micro-bulk tanks to trigger delivery before gas supplies are depleted.

PRIOR BOARD OF PUBLIC UTILITIES REVIEW

Not applicable.

ANALYSIS

The lab uses Liquid Nitrogen, Liquid Argon, Helium, Hydrogen and Ultra Zero Air to run a variety of tests/instruments in the lab. Without these gases, the laboratory would need to contract for all organics, all metals, and all mercury analyses. Within the laboratory's wet chemistry unit, BOD, Cyanide and Nitrate/Nitrite in soils would also need to be contracted. Some of these tests have short hold times that are very difficult to meet when subcontracted (examples: 1 hour for cyanide, 48 hours to set BOD, 3 days for some volatiles and 7 days for extractions). Failure to meet hold times can lead to unreportable results and/or resampling. In addition, some of these tests have high potential for contamination and data quality could be jeopardized as contract labs may not follow the same precautions as the Laguna Lab for contamination control.

While considering the proposed amendment to Praxair Product Supply Agreement PT543, other potential suppliers were evaluated by the department and Praxair was determined the best option based on abilities and costs. Praxair's micro-bulk tanks have provided a safer and more cost effective option than the lab's prior use of dewars.

The Product Supply Agreement PT543, originally provided as an attachment to purchase City Order No. 150341 was initially approved with a not to exceed amount of \$49,000. Allowing the Product Supply Agreement PT543 to stand alone and increasing the not to exceed amount by \$250,000 for the six-year term is recommended. Product Supply Agreement PT543 established a seven-year term, with a March 31, 2023 expiration date. Formal approval of the expiration is requested. Last, the First Amendment will delete existing "Right of Refusal" obligations.

FISCAL IMPACT

Increasing the not to exceed amount by \$250,000 is recommended through the

remaining six-year term to meet the laboratory's gas and equipment rental needs. Associated funding will be incorporated into the annual budgeting process starting in FY2018-19 as needed.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

ATTACHMENTS

- Attachment 1 - First Amendment to Praxair Product Supply Agreement, PT543
- Attachment 2 – Purchase Order No. 150341
- Attachment 3 – Praxair Product Supply Agreement PT543
- Resolution

CONTACT

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