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CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
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DEPARTMENT OF FINANCE
DIVISION OF PURCHASING
800 TENTH STREET SUITE 3 SACRAMENTO, CA 95814
TELEPHONE (916) 449-5342

HOWARD F. ISHIDA
PURCHASING AGENT

May 21, 1980

APPROVED
BY THE CITY COUNCIL
MAY 27 1980
OFFICE OF THE
CITY CLERK

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Rejection of Bids for Sulphuric Acid and Bauxite

SUMMARY AND BACKGROUND INFORMATION

The Water and Sewer Division has a requirement for approximately 900 tons of sulphuric acid and approximately 450 tons of bauxite to be used for the manufacture of alum during the period July 1, 1980 through June 30, 1981. Formal bids (Bid Numbers 302 and 303) were solicited and received; however; since the City will no longer manufacture alum (see attached memorandums), it is recommended that the City Council reject all bids received.

RECOMMENDATION

Pursuant to Section 57.305 of the Sacramento City Code, it is recommended that the City Council reject all bids received for the purchase of approximately 900 tons of sulphuric acid (Bid Number 302) and approximately 450 tons of bauxite (Bid No. 303).

Respectfully Submitted,

Howard F. Ishida
Howard F. Ishida
Purchasing Agent

Recommendation Approved:

Walter J. Slipe
Walter J. Slipe
City Manager

HFI:jc
2 Attachments

May 27, 1980

DIVISION OF WATER AND SEWERS

MEMORANDUM

Date: 5-19-80

To: Howard Ishida, Purchasing Agent

From: Harry G. Behrens, Manager

Subject: Award of Alum Contract

The bids we received last week from Imperial West for alum leave no doubt that we should discontinue manufacturing alum ourselves. Attached is a memo to John Varozza from me setting forth the economics. As I pointed out in this memo, even direct costs will not increase if we purchase commercial alum, and indirect costs and depreciation will certainly decrease. In addition, there are philosophical and other intangible, or non-quantifiable reasons the City should get out of the business.

My recommendation is to award the bid to Imperial West for the low-priced alum, and to reject the bids for sulfuric acid and bauxite. Our 1980-81 Budget is being revised to reflect these changes.

Harry G. Behrens

vz
attachment

DIVISION OF WATER AND SEWERS

MEMORANDUM

Date: 5-9-80

To: John Varozza, Assistant City Engineer

From: Harry G. Behrens, Manager

Subject: Purchase of Commercial Alum Vs. Manufacturing Our Own

We have received bids on commercially-manufactured alum. The price of $83.61 per ton extends to $146,000 for our estimated 1980-81 use.

Our cost to manufacture the same quantity ourselves would be as follows:

1)	Two Plant Operators Grade II	$ 48,840
2)	Bauxite	34,440
3)	Sulfuric Acid	46,620
4)	Hauling	6,000
5)	Electricity and Gas	1,000
6)	Maintenance Worker time for unloading and grinding	6,000
7)	Laboratory Services	1,000
8)	Front-end loader rental	500
TOTAL DIRECT COSTS		$144,400

In addition to direct costs, we would have depreciation. This would be no less than $8,000/year if we depreciated the cooking and storage tanks only, using the assumption that nothing else would depreciate. We know that other items such as the tank trailer, conveyor/grinder, vent stacks, piping, and even the building itself should be depreciated, even if such depreciation is not actually budgeted.

Other factors are overhead, supervision, and electrician and machinist maintenance time.

Another factor is that the potential for injury from boiling sulfuric acid is always there in spite of our safety equipment and training. One disabling injury could put a heavy cost on the process. Use of the classification Water Treatment Plant Operator is not consistent with the State Health Department's concept of that classification with respect to experience for certification, so we try to rotate personnel through the alum plant. Lack of experience increases the potential for an injury.

Three of our four alum cooking and storage tanks need repair and probably replacing. The fourth is just as old, and can be assumed to be living on borrowed time. Our recommendation is to:

1. Award the contract for commercial alum.

2. Add $55,840 to our Water Production Budget for chemicals and gases. The money budgeted for bauxite and acid will be applied to purchase of alum. Also, we anticipate we may use less commercial alum than we would have our own.

3. Delete the following from the Budget:

a.	Two Plant Operators II with benefits. We have two vacant positions which we won't fill.	$48,840
b.	Hauling (Interdepartmental Services)	6,000
c.	Utilities	1,000

Thus, our total budget will not change.

4. "Mothball" the alum building for 1980-81. If, for some unexpected reason, commercial alum use has disadvantages, we'll re-evaluate in mid-year and decide whether or not to overhaul the plant for another 8 - 10 years use.

Harry Behrens

vz
cc: David Breninger
Ed Conley