


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Finance	<b>CEQA:</b> Categorically Exempt, File No. ER21-152, CEQA Guidelines Section 15301, Existing Facilities	<b>Coordination:</b> ESD, CAO, and CMO - Budget Office	<b>Dept. Approval:</b> /s/ Julia H. Cooper
<b>Council District(s):</b> Citywide			<b>CMO Approval:</b>  06/01/22

**SUBJECT: AMENDMENT TO THE PURCHASE ORDER WITH KEMIRA WATER SOLUTIONS, INC. FOR FERROUS CHLORIDE**

**RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to amend purchase order OP 60556 with Kemira Water Solutions, Inc. (Lawrence, KS) for ferrous chloride (FeCl<sub>2</sub>) to increase compensation by \$670,000, for a revised maximum compensation not-to-exceed \$1,970,000 for the period ending on June 30, 2022.

**Desired Outcome:** To provide the Environmental Services Department's (ESD) Regional Wastewater Facility (RWF) continuity of service with the supply of FeCl<sub>2</sub> for wastewater treatment.

**BASIS FOR RECOMMENDATION:**

The RWF manages the treatment of raw sewage in the South Bay area. RWF operations must meet the requirements of several regulatory permits issued by federal and state agencies. To ensure compliance with Title Five of the Federal Clean Air Act, sulphide emissions from engines using digester gas must be regulated. Ferric chloride (FeCl<sub>3</sub>) is added to plant influent to reduce sulphide emissions from power generation engines. The addition of FeCl<sub>3</sub> meets Title Five regulations and reduces corrosion to plant structures, concrete, and steel.

In 2019, the City leveraged a competitive solicitation facilitated by the Bay Area Chemical Consortium to procure FeCl<sub>3</sub> pursuant to San José Municipal Code requirements. Finance staff subsequently issued a purchase order to Thatcher Chemical to supply the RWF with FeCl<sub>3</sub>. Thatcher Chemical issued a force majeure notice on July 8, 2021, citing supply chain issues with FeCl<sub>3</sub> due to the COVID-19 pandemic. After the issuance of the notice, staff explored other viable options to source FeCl<sub>3</sub> but were ultimately unsuccessful. RWF staff then researched alternative chemicals and determined that ferrous chloride (FeCl<sub>2</sub>) would be a suitable solution. The Department of Transportation (DOT) had an existing purchase order with Kemira Water Solutions for FeCl<sub>2</sub>. To maintain continuity of service and compliance with Title Five permitting requirements, the RWF utilized DOT's purchase order which was issued under the City Manager's authority to procure FeCl<sub>2</sub>. However, due to the increased demand from RWF, the purchase order funding is slated to be expended prior to the end of the current term. Approval of this recommendation will ensure the City continues to receive FeCl<sub>2</sub> with minimal impact to operations.

Climate Smart San José: The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

Commission Recommendation/Input: The Treatment Plant Advisory Committee will consider this item on June 9, 2022. A supplemental memorandum with the committee's recommendation will be included in the amended June 14, 2022 City Council meeting agenda.

This council item is consistent with the City's 2021-2022 Adopted Budget City Areas Delivery Framework: "provide Safe, reliable, and sufficient water supply".

**COST AND FUNDING SOURCE:**

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Recommendation	2021-2022 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No)
513	0762	ESD Non-Personal/Equipment	\$35,387,669	\$670,000	1014	10/19/2021 30682

**FOR QUESTIONS CONTACT:** Jennifer Cheng, Deputy Director, Finance at [Jennifer.Cheng@sanjoseca.gov](mailto:Jennifer.Cheng@sanjoseca.gov)