

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-237

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:
JUNE 1, 1998

SYNOPSIS —

SUBJECT:
ANNUAL
AGREEMENT WITH
K.A. STEEL
CHEMICALS, INC.
FOR THE
PURCHASE OF ONE-
TON CYLINDERS OF
LIQUID CHLORINE
FOR THE
WASTEWATER
RECLAMATION
AUTHORITY (WRA)
WASTEWATER
TREATMENT
PLANT.

The Wastewater Reclamation Authority (WRA) Wastewater Treatment Plant has a continuing need for liquid chlorine and sulfur dioxide for water disinfection purposes in the wastewater treatment process. Bids are received annually from vendors to supply this material for a fixed price that is good for one year. Recently bids were received to supply the annual needs of liquid chlorine and it is believed that the low bidder, DPC Industries, may not be able to perform because of the Wastewater Treatment Plant experience with this supplier in 1997. It is recommended that the bid instead be awarded to the second low bidder because of this experience.

TYPE:
RESOLUTION
ORDINANCE
RECEIVE/FILE

FISCAL IMPACT –

Funds to support this purchase are available in the Fiscal Year 1998/99 Operating Budget for the WRA Wastewater Treatment Plant under Fund Number 055160.

SUBMITTED BY:
HAROLD SMITH
CITY ENGINEER

RECOMMENDATION –

Approval.

BACKGROUND –

On Monday May 18, 1998, Mr. Tony Leach, Field Sales Manager for DPC Industries, Inc., addressed the Council regarding Agenda Item 92-C, concerning the Wastewater Reclamation Facility (WRF) staff recommendation of award to K. A. Steel, the second low bid on an annual agreement for one-ton cylinders of liquid chlorine.

The WRF staff’ s recommendation not to award the contract to DPC Industries stems from DPC’ s previous failure to perform under contract number C96-104 for one-ton cylinders of sulfur dioxide.

Under that contract WRF staff placed a standard order for 12 cylinders per the contract agreement. At that time staff was informed by the supplier that only four cylinders would be made available and that DPC would not provide any additional product. The explanation given was not based on availability, but rather on a DPC company policy under which the company will only ship 10% of the previous eleven months volume in the last thirty days of an annual contract. It should be noted that the WRF had purchased 41 cylinders in the prior eleven months and the four cylinders offered by DPC amounted to 10% of that volume.

Regarding the alleged industry shortage, WRF staff contacted DPC headquarters and spoke to National Sales Director John Milstead on July 25, 1997. He reiterated the previous offer to ship a few cylinders of product. During that conversation Mr. Milstead indicated that filling WRF's full order would have outstripped DPC's floor stock, and prevented DPC from serving other customers. Neither Mr. Milstead, nor any other DPC employee gave an explanation of a product shortage. In fact, WRF staff was able to purchase 12 tons of sulfur dioxide locally from Di Chem Inc. within 24 hours of DPC's refusal to ship 12 cylinders at a price comparable to the existing contract agreement.

The State of Iowa allows the WRF a daily maximum of 0.028 mg/l residual chlorine to be passed to the Des Moines River. This requirement is part of our NPDES permit. To achieve our assigned limits we must dechlorinate the treated wastewater using sulfur dioxide before it enters the Des Moines River. The WRF has both legal and ethical obligations to meet local and federal water quality standards as they pertain to facility discharges. Central to achieving our goals is the availability of product and reliability of vendors. Staff determined that on hand stock levels were critical and, faced with the possibility of shortages and the potential for violations, fines, negative newspaper headlines, and environmental impacts, took the steps needed to strengthen inventory levels. One storm event can increase the usage by up to five times the average. This facility is located on the headwaters of Lake Red Rock, a primary water contact, recreational area, and is upstream of the drinking water intake for the City of Ottumwa. The facility chlorinates in excess of demand to ensure the elimination of pathogenic bacteria and has been recognized nationally and locally for its achievements in water quality improvement.

For these reasons it was, and still is, recommended to award the contract to the second low bidder, K.A. Steel Industries for this contract period. K.A. Steel has been a reliable, competitive, and responsible provider of goods and service and has earned the confidence of its customers for its performance.

[[Council Members](#) | [Leave a Message](#) | [Meeting Agendas/Info](#) | [Recent Ordinances](#)]
[[Board/Commision List](#) | [Meeting Schedule](#) | [Request to Speak](#) | [Election/Voter Reg](#)]