THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: June 22, 2021

Subject: Water Resources - Liquid Oxygen Supply

Staff Resource(s): David Melton, Water Resources Department Director; Leslie Carreiro, Water Production / Water Quality Division Manager

Action Requested: Adoption of a resolution authorizing the City Manager to execute a five year contract with Air Products in the amount of $322,674 beginning in July 2021. Following the end of five years, the City may continue with three optional one-year contract extensions. Contract extensions will be held to a "not to exceed" product rate increase of 2% per year.

Background:

- Ozone is a key part of the water treatment process at the Mills River Water Treatment Plant.
- Liquid oxygen is a required precursor for the onsite production of ozone.
- The City's existing eight year liquid oxygen contract with Air Products expires in July 2021.
- The City held a competitive bid for the supply of liquid oxygen to Water Resources for the next eight years.
- In response to the bid advertisement, the Water Resources Department received three (3) bids on May 6, 2021.
- The following companies responded with estimated first five year total costs:
    - Matheson, Irving, T.X. $359,550
    - Andy Oxy, Asheville, N.C. $1,755,000
    - Air Products, Allentown, P.A. $322,674
- Since the costs reflect a multiple year contract, Council approval is required before City staff may award the contract to the lowest responsive bidder.

Council Goal(s):

- A Clean & Healthy Environment

Committee(s):

- None

Pro(s):

- Ozone helps to reduce the total organic carbon that is the precursor to Disinfection By-Products (Total Trihalomethanes and Haloacetic acids - HAA 5).
- Ozone is used as the initial disinfectant reducing the need to use chlorine at this step in the treatment process.
- High levels of total organic carbon combined with chlorine can form Disinfection By-Products.
- Enhances the level of water treatment.

Con(s):

- Increased costs to produce high quality potable water due to loss of ozone treatment resulting in other treatment processes having shorter life cycles.
- The City risks being out of compliance with the EPA Disinfection By-Products rule without liquid oxygen.

Fiscal Impact:

- $322,674 over five years to be funded as part of the Water Resources Fund operating budget as one-year allocations.

Suggested Motion:

- Move to adopt a resolution authorizing the City Manager to execute a five year contract with Air Products in the amount of $322,674 beginning in July 2021. Contract may be extended with three optional one year contract extensions at the end of the initial five year term contingent upon funding. Contract extensions will be held to a “not to exceed” product rate increase of 2% per year.

Attachment(s):

- Resolution

RESOLUTION NO. 21- _____

RESOLUTION AUTHORIZING THE CITY TO ENTER INTO A MULTI-YEAR AGREEMENT AND ISSUE PURCHASE ORDERS FOR A PERIOD OF FIVE YEARS WITH THREE OPTIONAL, ONE-YEAR CONTRACT EXTENSIONS, CONTINGENT UPON FUNDING, FOR THE EQUIPMENT LEASE, INSTALLATION, MAINTENANCE, AND PRODUCT PURCHASE OF LIQUID OXYGEN FROM AIR PRODUCTS FOR USE AT THE MILLS RIVER WATER TREATMENT PLANT

WHEREAS, pursuant to N.C.G.S § 160A-312, the City of Asheville has the authority to operate a public enterprise; and

WHEREAS, pursuant to N.C.G.S § 160A-20 the City of Asheville may enter into contracts with private entities to carry out any public purpose the City is authorized to engage in; and

WHEREAS, the Water Resources Department has the need for liquid oxygen in order to produce ozone needed for the treatment process at the Mills River facility; and

WHEREAS, the City advertised a bid for the equipment lease, installation, maintenance, and product purchase of liquid oxygen; and

WHEREAS, Air Products was selected by City Staff for the equipment lease, installation, maintenance, and product purchase of liquid oxygen at the Mills River Water Treatment Plant; and

WHEREAS, the project will be funded from the Water Resources Operating Fund;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City is hereby authorized to enter into a multi-year agreement and issue purchase orders for a period of five (5) years with three (3) optional one (1) year contract extensions, contingent upon funding, for the equipment lease, installation, maintenance, and product purchase of liquid oxygen from Air Products to use at the Mills River Water Treatment Plant.

Read, approved, and adopted this 22nd day of June 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney