


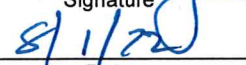

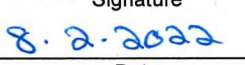

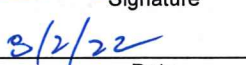

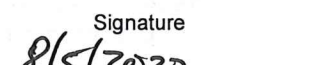


# CITY OF HUNTINGTON BEACH

## Sole-Source Justification

(For use on all goods and services acquisitions.)

This justification document consists of two (2) pages. All information must be provided and all questions must be answered. The "Required Approvals" section must include a date for each signature, as appropriate for the transaction.

Requesting Department Information			
<b>Date:</b> August 1, 2022			
<b>Requestor Name:</b> Chris Cassotta		<b>Division Manager:</b> Alvin Papa <small>(Type names. Do not sign.)</small>	
<b>Department:</b> Public Works		<b>Department Head:</b> Sean Crumby <small>(Type names. Do not sign. Must be same as signature below.)</small>	
Department Contact Information			
<b>Contact Name:</b> Chris Davis		<b>Street Address:</b> 19001 Huntington Street	
<b>Telephone:</b> 714-374-1641			
<b>Fax:</b>		<b>Shipping Address:</b> 19001 Huntington Street	
<b>Cellular phone:</b>			
Required Contact Information			
<b>Contractor/Supplier Name:</b> JCI Jones Chemicals, Inc.			
<b>Contractor/Supplier Address:</b> 2801 Post Oak Blvd, Suite 600			
<b>Contractor/Supplier City/State/Zip:</b> Houston, TX 77056			
<b>Original Contract Amount:*</b> \$30,000 <small>(*Includes original contract and previously approved amendments)</small>		<b>Amendment Amount:*</b> (if applicable) \$ <small>(*Current amendment only)</small>	<b>New Contract Amount:*</b> \$100,000 <small>(*Includes original contract and all amendments, including current amendment)</small>
<b>Provide a brief description of the acquisition, including all goods and/or services the contractor will provide:</b>			
Chlorine			
Contract Type and Term			
<b>Contract Type:</b>  Select One: <input checked="" type="checkbox"/> Goods <input type="checkbox"/> Service <input type="checkbox"/> Goods & Services		<b>Contract Term:</b>  Begin: 7/1/2022  End:	<b>What account number will be used to purchase?</b>  Business Unit: 50685803  Object Code: 64305
Required Approvals			
<b>Department Head</b> <input type="checkbox"/> Approved <input type="checkbox"/> Denied  Signature  Date	<b>Finance Manager - Budget</b> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied  Signature  Date	<b>Chief Financial Officer</b> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied  Signature  Date	<b>Assistant City Manager</b> <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied  Signature  Date <small>(Transactions exceeding \$50,000 must be approved by City Council)</small>



# CITY OF HUNTINGTON BEACH

## Sole Source Justification

(For use on all goods and services acquisitions.)

Complete responses must be provided for all of the following items.

**A. THE GOOD/SERVICE REQUESTED IS RESTRICTED TO ONE SUPPLIER FOR THE REASONS STATED BELOW:**

**1. Why is the acquisition restricted to this goods/services/supplier?**

(Explain why the acquisition cannot be competitively bid.)

In the western United States, JCI Jones Chemicals, Inc. (JCI) is the only known supplier of 1-ton and 150-pound chlorine gas cylinders suitable for use in public potable water distribution systems. JCI's nearest facility is in Torrance, California. The next nearest alternate chlorine supplier is Olin Corporation, whose nearest chlorine plant and distribution center is located in Freeport, Texas.

A reliable and high-quality chlorine supply is crucial to our water system, and the public health and safety of the Huntington Beach residents. In the past year, there have been supply chain disruptions due to force majeure and lack of trucking ability. The Utilities Division has qualified staff with Class B driver licenses with HAZMAT and Tank Vehicle Endorsements. JCI's facility in Torrance allows staff some operational flexibility to ensure that chlorine deliveries are not impacted. There is no known equal.

**2. Provide the background of events leading to this acquisition.**

The Utilities Division uses chlorine gas to treat water pumped from the groundwater water wells. The City has used JCI for over 10 years. Historically, the annual chlorine supply cost was less than \$30,000 and was procured using non-competitive procurement in accordance with Huntington Beach Municipal Code (HBMC) Section 3.02.070 Small Procurements.

Over the past year, the price of chlorine gas has doubled due to raw material cost increases for chlorine and sodium hydroxide products. Due to these price increases, the planned annual procurement cost of chlorine is anticipated to exceed the amount allowable for Small Procurements per the HBMC.

**3. Describe the uniqueness of the acquisition (why was the good/service/supplier chosen?).**

The City has used chlorine gas as the primary disinfection method since the Utility Division's creation in 1964. All of the City's wells and reservoirs are outfitted to disinfect water using chlorine gas only. There is no alternate method available.

JCI was selected because they are the only known chlorine gas supplier of 1-ton and 150 pound cylinders in our region.

FYI - In June 2022, the City of Long Beach advertised and bid for their chlorine gas supply. 104 potential vendors were notified of the opportunity. Only one (1) bid was received. The firm was JCI.

**4. What are the consequences of not purchasing the goods/services or contracting with the proposed supplier?**

Without chlorine gas, the City would be forced to import its water supply from the Municipal Water District of Orange County (MWDOC) and pay double the cost of groundwater.

The cost of imported water from MWDOC is currently \$1,143 per acre-foot. The Orange County Water District (OCWD) cost to pump groundwater from the City's wells is \$558 per acre-foot.

**5. What market research was conducted to substantiate no competition, including evaluation of other items considered?**

(Provide a narrative of your efforts to identify other similar or appropriate goods/services, including a summary of how the department concluded that such alternatives are either inappropriate or unavailable. The names and addresses of suppliers contacted and the reasons for not considering them must be included OR an explanation of why the survey or effort to identify other goods/services was not performed.)

**As noted, there are no other known suppliers of chlorine gas for 1-ton and 150 pound cylinders in the western United States. As a result, reliability and timely delivery cannot be assured.**

**Furthermore, the additional costs of hazardous material chlorine delivery via railcar, transoceanic shipping, and other long distances would be an unnecessary premium.**

**B. PRICE ANALYSIS**

**1. How was the price offered determined to be fair and reasonable?**

(Explain what the basis was for comparison and include cost analyses as applicable.)

**There are few remaining agencies using chlorine gas for potable water disinfection. Currently, we pay \$345 per 150 pound cylinder. The City of Tustin is the only other City in Orange County that uses chlorine gas. They currently pay \$399 per 150 pound cylinder which is 16% more.**

**For 1-ton cylinders, we currently pay \$1,615 per 1-ton cylinder. The Long Beach bid by JCI mentioned in Item #3 is priced at \$1,950 per 1-ton cylinder which is 21% more.**

**2. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier.**

**The City of Huntington Beach is expected to save between 16-21% in chlorine gas costs when compared to other known cities (see above).**

Remit completed form to:

City of Huntington Beach – Purchasing Division  
2000 Main Street, Huntington Beach, CA 92648-2702

