



Legislation Details (With Text)

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**Title:** Approve Sole Source Procurement request with Jones Chemical (JCI) for Chlorine Gas

**Attachments:** 1. Att#1 JCI Sole-Source Justification

Date	Ver.	Action By	Action	Result
9/6/2022	2	City Council/Public Financing Authority	approved	Pass

**REQUEST FOR CITY COUNCIL ACTION**

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Al Zelinka, City Manager

**VIA:** Sean Crumby, Director of Public Works

**PREPARED BY:** Chris Davis, Senior Administrative Analyst

**Subject:**

**Approve Sole Source Procurement request with Jones Chemical (JCI) for Chlorine Gas**

**Statement of Issue:**

Submitted for City Council approval is a sole source procurement request in the amount of \$100,000 for the purchase of chlorine gas from JCI.

**Financial Impact:**

This request is to authorize the procurement of chlorine in an amount up to \$100,000. The City has already budgeted \$60,000 for procurement in the FY 2022/23 Budget in Water Fund account 50685803.64305. If additional funds are required up to the total request amount, staff will evaluate the budget to determine the source of funds at that time.

**Recommended Action:**

Approve the sole source procurement request for the purchase of chlorine gas from JCI.

**Alternative Action(s):**

Do not approved the recommended action, and direct staff accordingly.

**Analysis:**

The City produces approximately 20,000 acre-feet (AF) of water from the City’s nine (9) potable drinking water wells. Water produced from these wells is continuously chlorinated using gaseous

chlorine, which is American National Standards Institute/National Science Foundation (ANSI/NSF) Standard 60 certified, as required under the City's Domestic Water Permit.

The City has used chlorine gas as the primary disinfection method since the Utility Division's creation in 1964. Historically, the average annual chlorine supply cost has been less than \$30,000 and was procured in accordance with Huntington Beach Municipal Code (HBMC) Section 3.02.070 for Small Procurements. Over the past year, however, 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 gas is anticipated to exceed the amount allowable for Small Procurements per the HBMC.

In the western United States, JCI Jones Chemicals, Inc. (JCI) is the only known supplier of ANSI/NSF Standard 60 certified, 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. In contrast, the next nearest alternate chlorine supplier is Olin Corporation, whose nearest chlorine plant and distribution center is located in Freeport, Texas.

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

Per Huntington Beach Municipal Code Chapter 3.02 Purchases of Goods and Service, sole source procurements are allowed in cases where the procurement of any product or supply is obtainable only from a single or sole source. As such, it is recommended that the City utilize this authority to continue purchasing chlorine from JCI under the authority of HBMC 3.02.

Chlorine disinfection allows the City to serve well water at a current cost of \$558 per acre-foot. Without chlorine gas and the ability to sole source from JCI, the City would be forced to import its water supply from the Municipal Water District of Orange County (MWDOC) at a current cost of \$1,143 per acre-foot.

This request allows for the procurement of chlorine in an amount up to \$100,000. Should additional funds be necessary, staff will evaluate the budget to determine the source of funds at that time and return with a budget appropriation request at a later date.

**Environmental Status:**

Not Applicable

**Strategic Plan Goal:**

Infrastructure & Parks

**Attachment(s):**

1. Sole Source Justification

