

CITY OF YUBA CITY  
STAFF REPORT

**Date:** October 18, 2022  
**To:** Honorable Mayor & Members of the City Council;  
**From:** Public Works Department  
**Presentation By:** Ben Moody, Public Works & Development Services Director

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**Summary**

**Subject:** Utilities Chemical Budget Adjustments

**Recommendation:** Adopt a Resolution:

A. Authorizing the Finance Director to make supplemental appropriations and related transfers in the amount of \$110,000 from Account No. 971224-65501 (WTP Electrical & Instrumentation Improvements) to 7120 Water Treatment Plant chemical operating budget accounts as listed in the Resolution and in the amount of \$772,391 from Account No. 981229-65501 (WWTF Capitalization Fund) to 8120 Wastewater Treatment Facility chemical operating budget accounts as listed in the Resolution; and

B. Authorizing the City Manager to amend the approved Standard Agreements with the Fiscal Year 22/23 chemical vendors to adjust the per unit prices as necessary, subject to approval as to legal form by the City Attorney, with the finding that it is in the best interest of the City

**Fiscal Impact:** \$110,000 – Water Treatment Plant  
                           \$50,000 – Acct. No. 7120-63702 (Chlorine)  
                           \$10,000 – Acct. No. 7120-63706 (Polymer)  
                           \$25,000 – Acct. No. 7120-63707 (Lime)  
                           \$15,000 – Acct. No. 7120-63720 (Weed Control)  
                           \$10,000 – Acct. No. 7120-63714 (Citric Acid)

\$772,391 – Wastewater Treatment Facility  
                           \$325,000 – Acct. No. 8120-63702 (Chlorine)  
                           \$47,391 – Acct. No. 8120-63720 (Weed Control)  
                           \$250,000 – Acct. No. 8120-63732 (Oxygen)  
                           \$150,000 – Acct. No. 8120-63733 (Polymers)

Balances are based on projected need. The actual costs will vary based upon usage.

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**Purpose:**

To provide the necessary funding for essential chemicals for the water and wastewater treatment

processes in response to changes in industry pricing and supply.

**Council's Strategic Goal:**

This item addresses Council's strategic goals of *Fiscal Responsibility* and *Infrastructure* by providing the necessary funding and contract amendments to support the operations of the Water Treatment Plant and Wastewater Treatment Facility.

**Background:**

The treatment processes at the City's Water Treatment Plant (WTP) and Wastewater Treatment Facility (WWTF) require a reliable supply of a number of bulk chemicals delivered on continuous or as-needed basis. In order to secure consistent delivery and the best prices, the City participates in two methods of competitive bidding, the Bay Area Chemical Consortium (BACC) annual bid for regional cooperative bidding and a City-run formal bid for chemicals more specific to just the City's processes. Additionally, some chemicals, such as polymers, are proprietary products which can only be purchased from one vendor.

The City's last formal bid for chemicals, Formal Bid 19-08, was awarded by Council on June 4, 2019. This item awarded contracts for Fiscal Year 19/20 with the possibility of up to three (3) annual extensions to be executed by the City Manager. Fiscal Year 22/23 is the final authorized contract extension for Formal Bid 19-08 chemicals.

**Analysis:**

The current state of the economy and supply changes have severely impacted the price and reliable delivery of bulk chemicals for water and wastewater treatment. While Public Works attempted to account for this anticipated increase during the Fiscal Year 22/23 budget process in March 2022, the increases in price and supply chain issues have proven to be significantly beyond those initial estimates for a number of the chemical accounts which, therefore, need to be adjusted in order to fund the necessary purchases.

A Fiscal Year 22/23 Chemical Budget Analysis is included as Attachment 2, which contains the new fiscal year price increases, anticipated budget shortfalls, and requested appropriations for all of the impacted budgetary line items. Staff evaluated potential use reduction measures, drought and water conservation impacts on treatment and flow, and alternative procurement methods to determine the budgetary requests. Staff also conducted spot checks with other vendors and suppliers directly and compared the BACC rates to other cooperative and single-agency prices to verify that the prices submitted by the awarded vendors are equal to or lower than other industry pricing. Unfortunately, Public Works has been unable to find viable alternatives to reduce costs for the needed chemicals.

Public Works is also requesting that the City Manager be authorized to amend the awarded Standard Agreements with the chemical vendors for Fiscal Year 22/23, including both the BACC and Formal Bid 19-08 contracts, in order to adjust the per unit prices as necessary to respond to the current price increases and any future fluctuations during the fiscal year.

**Fiscal Impact:**

In order to process the remaining contracts and encumber the funds for Fiscal Year 22/23, Public Works is requesting authorization to appropriate \$110,000 from Account No. 971224-65501 (WTP Electrical & Instrumentation Improvements) and \$772,391 from Account No. 981229-65501 (WWTF Capitalization Fund) to the requested chemical budget line items as enumerated in the Resolution. Transferring funds from these Capital Improvement Program (CIP) projects allows the City to continue

to maintain the unallocated Enterprise Fund reserves for its debt service ratio and unanticipated emergencies and will not impact any priority projects during this fiscal year. While there may collectively be cost savings from other operating accounts throughout the year, Public Works does not recommend transferring from within the operating budgets this early in the fiscal year given fluctuating prices for other materials, supplies, and services at this time.

As the increased chemical prices are anticipated to continue into the near future per industry representatives and the BACC, CIP funding may be limited in Fiscal Year 23/24 to fund the increased operational budget needs. The City's upcoming 2023-2024 water and wastewater rate study will evaluate the long-term fiscal impacts of the changes in chemical pricing and availability on the operating budget funding needs for future years, which will be utilized for determining rates for Fiscal Year 24/25 and beyond.

**Alternatives:**

1. Direct staff to conduct new formal bids for one or more chemicals. This may result in interrupted or unreliable supply of these essential treatment chemicals and is unlikely to provide cost savings for the City, based on preliminary review.
2. Reduce one or more of the budget line item adjustment requests and direct staff to return to Council should further funding be required.

**Recommendation:**

Adopt a Resolution:

A. Authorizing the Finance Director to make supplemental appropriations and related transfers in the amount of \$110,000 from Account No. 971224-65501 (WTP Electrical & Instrumentation Improvements) to 7120 Water Treatment Plant chemical operating budget accounts as listed in the Resolution and in the amount of \$772,391 from Account No. 981229-65501 (WWTF Capitalization Fund) to 8120 Wastewater Treatment Facility chemical operating budget accounts as listed in the Resolution; and

B. Authorizing the City Manager to amend the approved Standard Agreements with the Fiscal Year 22/23 chemical vendors to adjust the per unit prices as necessary, subject to approval as to legal form by the City Attorney, with the finding that it is in the best interest of the City.

**Attachments:**

1. Resolution - Utilities Chemical Budget Adjustments
2. FY 22-23 Chemical Budget Analysis - Utilities Chemical Budget Adjustments

Prepared By:  
Scarlett O. Harris  
Administrative Analyst II

Submitted By:  
Diana Langley  
City Manager

# ATTACHMENT 1

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY AUTHORIZING THE FINANCE DIRECTOR TO MAKE BUDGETARY ADJUSTMENTS AND THE CITY MANAGER TO AMEND AGREEMENTS TO FUND FISCAL YEAR 22/23 WATER AND WASTEWATER TREATMENT PROCESS CHEMICALS**

WHEREAS, the City of Yuba City Water Treatment Plant (WTP) and Wastewater Treatment Facility (WWTF) require a reliable supply of bulk essential chemicals for its water and wastewater treatment processes; and

WHEREAS, the City of Yuba City procured the annual per unit price for each chemical for Fiscal Year 22/23 by appropriate procurement methods to acquire consistent supply and delivery at the best prices and determine the lowest qualified responsive and responsible bidders in accordance with the City's Purchasing Policies and Procedures. These procurement methods were the Fiscal Year 22/23 Bay Area Chemical Consortium (BACC) agency bid, awarded by Council on June 21, 2022; City-held Formal Bid 19-08, awarded by Council on June 4, 2019 with the option of up to three (3) annual extensions; and sole source procurement for proprietary products, as applicable; and

WHEREAS, economic and supply changes in the interim have impacted the cost and reliable delivery of essential water and wastewater treatment chemicals, which has increased the per unit price and estimated fiscal impact of many of the City's chemical products; and

WHEREAS, the amounts budgeted in the 7120 (Water Treatment Plant) and 8120 (Wastewater Treatment Facility) chemical operating budgets will need to be adjusted to fund these essential procurements, as enumerated below:

**\$110,000 – Water Treatment Plant**

- \$ 50,000 – Acct. No. 7120-63702 (Chlorine)
- \$ 10,000 – Acct. No. 7120-63706 (Polymer)
- \$ 25,000 – Acct. No. 7120-63707 (Lime)
- \$ 15,000 – Acct. No. 7120-63720 (Weed Control)
- \$ 10,000 – Acct. No. 7120-63714 (Citric Acid)

**\$772,391 – Wastewater Treatment Facility**

- \$325,000 – Acct. No. 8120-63702 (Chlorine)
- \$ 47,391 – Acct. No. 8120-63720 (Weed Control)
- \$250,000 – Acct. No. 8120-63732 (Oxygen)
- \$150,000 – Acct. No. 8120-63733 (Polymers)

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yuba City as follows:

1. The Finance Director is authorized to make supplemental appropriations and related transfers in the amount of \$110,000 from Account No. 971224-65501 (WTP Electrical & Instrumentation Improvements) to 7120 Water Treatment Plant chemical operating budget accounts as listed in the recitals above and in the amount of \$772,391 from Account No. 981229-65501 (WWTF Capitalization

Fund) to 8120 Wastewater Treatment Facility chemical operating budget accounts as listed in the recitals above.

2. The City Manager is authorized to amend the approved Standard Agreements with the Fiscal Year 22/23 chemical vendors to adjust the per unit prices as necessary, subject to approval as to legal form by the City Attorney.
3. The City Council finds these actions in the best interest of the City.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 18<sup>th</sup> day of October 2022.

AYES:

NOES:

ABSENT:

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Dave Shaw, Mayor

ATTEST:

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Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM  
COUNCIL FOR YUBA CITY:

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Shannon Chaffin, City Attorney  
Aleshire & Wynder, LLP

## ATTACHMENT 2

### FY 22/23 Chemical Budget Analysis

Account	Chemical	Units	FY 21/22 Unit Price	FY 22/23 Unit Price	% Change	FY 22/23 Estimated Expenditures	FY 22/23 Budget	Delta	Adjusted FY 22/23 Budget	Appropriation Request
<b>Water</b>										
7120-63702	Chlorine	ton	\$ 825.000	\$ 1,933.000	134.30%	\$ 134,415.88	\$ 100,000.00	\$ (34,415.881)	\$ 150,000.00	\$ (50,000.000)
7120-63706	Polymer	pounds	\$ 4.750	\$ 7.000	47.37%	\$ 26,568.18	\$ 20,000.00	\$ (6,568.183)	\$ 30,000.00	\$ (10,000.000)
7120-63707	Lime	dry ton	\$ 697.530	\$ 778.450	11.60%	\$ 220,697.34	\$ 200,000.00	\$ (20,697.344)	\$ 225,000.00	\$ (25,000.000)
7120-63720	Weed Control	various	Various	Various	-	\$ 30,000.00	\$ 15,000.00	\$ (15,000.000)	\$ 30,000.00	\$ (15,000.000)
7120-63714	Citric Acid	gallon	\$ 8.480	\$ 21.300	151.18%	\$ 25,000.00	\$ 20,000.00	\$ (5,000.000)	\$ 30,000.00	\$ (10,000.000)
					<b>Total:</b>	<b>\$ 436,681.408</b>	<b>\$ 355,000.000</b>	<b>\$ (81,681.408)</b>	<b>\$ 465,000.000</b>	<b>\$ (110,000.000)</b>
<b>Wastewater</b>										
8120-63702	Chlorine	ton	\$ 825.000	\$ 1,933.000	134.30%	\$ 507,919.91	\$ 195,000.00	\$ (312,919.910)	\$ 520,000.00	\$ (325,000.000)
8120-63720	Weed Control	various	Various	Various	-	\$ 100,000.00	\$ 57,391.00	\$ (42,609.000)	\$ 100,000.00	\$ (47,391.000)
8120-63732	Oxygen	gallon	\$ 0.460	\$ 0.800	73.91%	\$ 571,590.82	\$ 350,000.00	\$ (221,590.817)	\$ 600,000.00	\$ (250,000.000)
8120-63733	Polymers	pounds	\$ 1.350	\$ 1.800	33.33%	\$ 496,800.00	\$ 380,000.00	\$ (116,800.000)	\$ 530,000.00	\$ (150,000.000)
					<b>Total:</b>	<b>\$ 1,676,310.727</b>	<b>\$ 982,391.000</b>	<b>\$ (693,919.727)</b>	<b>\$ 1,750,000.000</b>	<b>\$ (772,391.000)</b>