



City Council Report

Date: July 5, 2022
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Kristy Garcia, Procurement Administrator
Subject: Three-Year Term Contract with Two Years of Renewal Options for Bulk Methanol for the Water Resources Department (**Citywide**)

Recommendation

Council is requested to approve the award as recommended.

A committee representing the Water Resources Department and Purchasing evaluated responses. The evaluation committee recommends awarding the contract to the two, highest scored proposals from Tarr, LLC; and Thatcher Company of Arizona, Inc.; at \$585,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

Background / Discussion

This contract will provide the purchase and delivery of bulk methanol which is a vital chemical used in the water treatment process at the Northwest Water Reclamation Plant. Methanol serves as a carbon source (food) in the aeration basin system at the Plant. The chemical assists the biological nutrient removal process in removing nitrogen from the water produced at the plant. Nitrogen levels in the effluent discharged have strict limits that are enforced by the Arizona Department of Environmental Quality. The plant's annual methanol usage is approximately 199,000 gallons per year.

The City solicited Request for Proposals and received three proposal responses which all met the minimum qualifications. The evaluation committee evaluated and scored the proposals relative to the scoring criteria in the solicitation. Based on the evaluation results, the committee recommends award to the two, highest scored respondents.

The price for methanol is set monthly by the Methanex Methanol Index so the price per gallon fluctuates but the mark-up for profit and delivery remains firm for the entire term of the contract. Tarr bid \$0.24 mark-up and Thatcher bid \$0.719 mark-up.

Purchase Information

Action: Award
Procurement Type: Request for Proposals
Contract Number: 2022166

Local Consideration: Policy did not apply to this procurement method

Protests Received: None

Initial Contract Term: Three Years

Possible Renewals: Up to a maximum of two years subject to Administrative review and approval

Pricing: Product Base Price: This is a price that fluctuates with the methanol market throughout the term of the contract. The Product Base Price must be taken from an easily accessible source of a publicly published index source (such as www.methanex.com).

Mark-Up Price: This is a constant price that remains firm for the entire length of the contract. The Mark-Up Price consists of delivery charges, profit, and any other costs other than the price of the Bulk Methanol and taxes.

Total Delivered Methanol Price: The Total Delivered Methanol Price is calculated by adding the Mark-Up Price to the Product Base Price.

Funding Source: Wastewater Enterprise Operations and Maintenance

Proposal Responses

Respondent	Total Points Possible / 500
Tarr, LLC - Phoenix, AZ (Recommended)	<u>436.29</u>
Thatcher Company of Arizona, Inc. – Salt Lake City, UT (Recommended)	<u>416.04</u>
TR International Trading Company dba, TRInternational, Inc.– Edmonds, WA	356.48

The highest scored Contractor will receive approximately 75% of orders placed under contract. The second highest scored Contractor will receive approximately 25% of orders placed under contract.