



Department of Public Utilities
Public Utilities Administration
Inter-Office Memorandum



DATE: October 16, 2023

FILE: PU-24-09

TO: George R. Keller, Jr. CPPT
City Manager

VIA:  Adam Reichbach
Assistant City Manager for Finance and Administration

VIA:  Gus Zambrano
Assistant City Manager for Sustainable Development

 **THRU:**  Steve Stewart
Director, Procurement and Contract Compliance

 **VIA:**  Vincent Morello, P.E.
Director, Public Utilities

SUBJECT: Recommendation to Approve the Issuance of a Purchase Order to AIRGAS USA, LLC for the emergency provision and delivery of Liquid Oxygen (LOX) to the Southern Regional Wastewater Treatment Plant (SRWWTP) cryogenic production facility in an amount up to \$500,000.00. The Procurement Method used is Emergency.

ISSUE:

On the morning of Sunday, August 28, 2023, the SRWWTP cryogenic facility experienced unanticipated, and unexplained, pressure and purity issues during the oxygen (O₂) production process. SRWWTP operation's staff responded to this emergent situation by securing specialized cryogenics repair services from Ranch Cryogenics, Inc., (Ranch). A functioning cryogenics plant is necessary for proper wastewater treatment. Lack of consistent oxygen generation would also make the SRWWTP noncompliant with their operating permit and jeopardize public health and safety.

The system evaluation by Ranch required the temporary cessation of oxygen production. The SRWWTP therefore arranged for the emergency delivery of Liquid Oxygen (LOX) from AIRGAS USA, LLC (Airgas) for use while the cryogenic plant was under diagnostic investigation and repair. Airgas was previously the LOX supplier under IFB-050-23-JJ 2023, competitively bid on June 07, 2023. However, that award's funding of \$298,000.00 had been exhausted during a prior emergency on April 12, 2023.

LOX expenditures for the current diagnostic and repair shutdown total \$114,049.02 thus far. It has been determined that the system will need to continue to operate at a reduced capacity temporarily, requiring periodic urgent delivery of LOX until the specialized cryogenics repairs can be completed in December 2023. Ranch cannot mobilize the necessary repair team until that time and the work is estimated to take up to ten days. During the repair process, bulk LOX will again need to be procured from AIRGAS several times a day at a cost of \$2.98 per Standard Cubic Foot, which averages \$15,000.00 per truckload.

The DPU requests approval for the emergency procurement of LOX and the issuance of a purchase order to AIRGAS USA, LLC for the already procured emergency LOX, as well as additional deliveries until the final repairs of the cryogenic system are complete, in an amount up to \$500,000.00.

AUTHORITY:

§ 38.41 COMPETITIVE SOLICITATIONS REQUIRED; EXCEPTIONS

(C)(1) Emergency purchases:

*In urgent cases of compelling emergency that require the immediate purchase of goods, supplies, materials, equipment or services, the CPO is authorized to secure, when possible, emergency goods, supplies, materials, equipment, or services by open market procedure. **All such emergency purchases must receive prior administrative approval except for the most urgent situations presenting a clear and present substantial threat to life or property where immediate action is required.***

Funding has been provided in the fiscal year 2024 budget for the Department of Public Utilities in Account Number 442.400602.53600.552240.000000.000.000

RECOMMENDATION:

The Director of Public Utilities recommends authorization of the issuance of a Purchase Order to AIRGAS USA, LLC., for the emergency supply of Liquid Oxygen (LOX) to the Southern Regional Wastewater Treatment Plant (SRWWTP) cryogenic plant in an amount up to \$500,000.00.

DocuSigned by:

George R. Keller Jr., CPPT

BB25DD053647405...

10/18/2023

APPROVED BY: George R. Keller, Jr. CPPT
City Manager

Date:

Attachments: Air Gas Risk approved COI
Repair Log & Timeline Email
BPA PA600686