



Santa Clara Valley Water District

File No.: 20-1156

Agenda Date: 11/9/2021

Item No.: 5.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Approve Sole-Source Purchase of Parts, Refurbishments, and Maintenance and Calibration Services from Xylem Water Solutions U.S.A., Inc. - WEDECO for Valley Water's Ozone Generating and Ultraviolet Disinfection Systems Over the Lifetime of Such Systems with Near-Term Procurements Estimated to Cost of \$920,000.

RECOMMENDATION:

Approve Sole-Source Purchase of Parts, Refurbishments, and Maintenance and Calibration Services from Xylem Water Solutions U.S.A., Inc. - WEDECO for Valley Water's Ozone Generating and Ultraviolet Disinfection Systems Over the Lifetime of Such Systems with Near-Term Procurements Estimated to Cost of \$920,000.

SUMMARY:

The ozone water treatment facilities at the Penitencia and Santa Teresa water treatment plants have been in service since 2004 and can produce 140 million gallons of treated water per day. The systems provide the essential disinfection, organic matter removal, and taste and odor removal required to produce high-quality drinking water.

Staff has maintained the ozone water treatment facilities in accordance with the manufacturer's recommendations. However, Valley Water's Asset Management and Preventive Maintenance Program has identified several ozone water treatment facility components that have reached or will, in the near future, reach the end of their useful and reliable service lives. In addition, the ozone generation systems (ozone generators) at both treatment plants have experienced failures that have limited the plants' production capabilities. The current condition and these failures necessitate the repair and refurbishment of the ozone water treatment systems in accordance with the manufacturer's recommendations.

Xylem/Wedeco is the only source for Original Equipment Manufacturer (OEM) parts and certified support services for these systems. The estimated remaining life of the equipment and associated infrastructure is approximately 20 years.

Also, the ultraviolet disinfection system at the Silicon Valley Advanced Water Purification Center

(SVAWPC) provides one of three key treatment steps for the facility and was designed to meet disinfection requirements stipulated by the California State Water Resource Control Board - Division of Drinking Water (DDW). The ultraviolet disinfection system at SVAWPC was manufactured by Xylem/Wedeco, and it is the only manufacturer who can provide the parts and calibration services required to meet our regulatory performance requirements. As a condition of compliance, DDW requires that all UV lamps are to be maintained below a maximum of 10,074 hours of operation, which requires the ultraviolet lamps to be replaced every 2 to 2.5 years.

Staff highly recommends the use of OEM parts and trained and certified technicians to maintain, repair, and refurbish these critical facilities to keep the Penitencia, Santa Teresa Water Treatment Plant, and Silicon Valley Advanced Purification Centers.

Sole Source Justification

Pursuant to Board Governance Policy No. EL-5.3, any purchase of goods or services, or other financial commitment, greater than \$50,000 must be procured through a competitive procurement process unless either a specified exemption applies or the Board specifically approves a non-competitive procurement, such as a sole-source contract.

Staff requests that the Board approve a sole-source procurement with Xylem/Wedeco to provide any and all necessary parts, materials, refurbishments, and services to properly maintain these ozone water treatment and ultraviolet disinfection systems in a safe and reliable working order over the lifetime of the equipment or until it is replaced. The interests of Valley Water cannot be served through a competitive procurement process because only one firm, Xylem/Wedeco, exists that is certified to provide this proprietary ozone water treatment and ultraviolet disinfection parts and equipment, as well as refurbishments, maintenance, and support services in accordance with its OEM requirements. There is not an equivalent supplier that can meet Valley Water's minimum needs and compliance requirements. (See EL-5.3.12.1). The attached letter from Xylem/Wedeco also sets forth the basis for this proposed sole source procurement (Attachment 1).

For this reason, staff recommends approval of sole-source procurements with Xylem/Wedeco for all future projects needed to maintain our ozone and ultraviolet equipment at these facilities over the lifetime of this equipment or until it is replaced.

Anticipated Procurements and Cost Breakdown

Shown in table 1, staff anticipates the following sole source procurements with Xylem/Wedeco related to the ozone treatment systems at the Penitencia and Santa Teresa water treatment plants and ultraviolet disinfection system at the SVAWPC in the near-term and then again at the manufacturer specified intervals over the lifetime of the equipment or until it is replaced. The remaining lifetime of the equipment is estimated to be approximately 20 years and the estimated annualized cost of these procurements is \$200,000 per year after the completion of the initial near-term procurements.

Table 1 - Anticipated Xylem/Wedeco Near-Term Sole-Source Procurements

Purchase Orders	Description	Cost Estimate
1	Human Machine Interface Replacement	\$200,000
2	Ozone Vessel Refurbishment	\$500,000
3	UV Lamps Replacement	\$120,000
4	Ozone and UV Systems Preventive Maintenance And Calibration Services and Supplies (Anticipated Annually)	\$100,000
Estimated Near-Term Sole Source Procurements		\$920,000

FINANCIAL IMPACT:

Funding for major refurbishment and equipment replacements will be from the Treatment Plant Maintenance Unit's budget, Project No. 93764004. Funding for general maintenance and repair services will be from the Treatment Plant Maintenance Unit's general maintenance operating projects budgets (No. 93231099 for Penitencia, and No. 93281099 for Santa Teresa). There are sufficient funds for the maintenance and refurbishment of the ozone water treatment facilities at the Penitencia water treatment plants, and these are included in the FY22 Water Utility Maintenance Budgets. Funding for UV lamp procurement and annual maintenance/calibration services of UV equipment is budgeted in the North Water Treatment Operations Unit's budget for general maintenance and repair services for SVAWPC in FY21 and FY22, Project No. 91281008.

CEQA:

The project is subject to CEQA and qualifies for a Categorical Exemption § 15301 - Existing Facilities. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

ATTACHMENTS:

Attachment 1: 071321 Vendor Sole Source Letter

UNCLASSIFIED MANAGER:

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