

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2023-04

AN ORDINANCE OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO DISPOSE OF SURPLUS PERSONAL PROPERTY BY MANUFACTURER BUY BACK OF SPECIALTY CHLORINE GAS CONTAINERS FROM PYRAMID WATER TREATMENT PLANT

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF UNALASKA, as follows:

Section 1: This Ordinance is a Non-Code Ordinance.

Section 2: Recitals

WHEREAS, Unalaska Code of Ordinances (UCO) § 7.20.010 allows for the disposal of City of Unalaska surplus personal property; and

WHEREAS, the Chlorine Upgrade Project's purpose is to transition from using gaseous chlorine to liquid chlorine for drinking water disinfection purposes; and

WHEREAS, there are three existing, highly specialized secondary containment vessels for chlorine gas located at the Pyramid Water Treatment Plant that are currently planned to be removed and disposed of in the landfill; and

WHEREAS, it is determined that this equipment shall be considered surplus personal property no longer needed for municipal purposes; and

WHEREAS, UCO § 7.20.010(B) states in part: personal property no longer needed for municipal purposes shall be disposed of in one or more of the following manners: (1) by public outcry auction to the highest bidder; (2) by public sealed bid auction to the highest bidder; (3) to the best qualified proposal who responds to a request for proposal to acquire property; (4) to an educational, religious, charitable, or non-profit association or corporation providing services to Unalaska citizens; or (5) to the United States, the State of Alaska or an Alaska municipal corporation or any agency or department thereof; and

WHEREAS, proposals were requested from the original manufacturer, TGO Technologies Inc., and from UniSea Inc. for the disposal of these chlorine gas secondary containment vessels; and

WHEREAS, TGO Technologies Inc. provided the only and best qualified proposal to acquire the surplus personal property; and

WHEREAS, TGO Technologies Inc. proposed to purchase each chlorine gas secondary containment vessel for \$10,000 for a total of \$30,000; has proposed to cover all transport costs; and will remit payment to the City within six months of transport; and

WHEREAS, the Unalaska City Council determines that the proposal received from TGO Technologies Inc. is the best qualified proposal to acquire the surplus personal property.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the City Manager to dispose of this surplus personal property of the City of Unalaska, valued at more than \$25,000, specifically three chlorine secondary containment vessels, to TGO Technologies Inc.

Section 3: This ordinance shall take effect upon passage.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on May 23, 2023.

Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:

Marjie Veeder, CMC
City Clerk

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Steve Tompkins, Director of Public Utilities
Through: William Homka, Acting City Manager
Date: May 9, 2023
Re: Ordinance 2023-04: Authorizing the City Manager to dispose of surplus personal property by Manufacturer Buy Back of Specialty Chlorine Gas Containers from Pyramid Water Treatment Plant

SUMMARY: During the Chlorine Upgrades Project, City Staff identified specialized safety equipment that was slated for demolition and disposal in the landfill by the contractor (IRI, Inc.) which might be able to be refurbished by the original manufacturer. The original manufacturer submitted a proposal to purchase this equipment for \$30,000. Pursuant to our Code of Ordinances (§7.20.010(B)(4)), personal property no longer needed for municipal purposes may be disposed to the best qualified proposal who responds to a request for proposal to acquire the property. As the property is valued at more than \$25,000, the Council must determine by ordinance the appropriate method as specified in code to dispose of the property. Ordinance 2023-04 accomplishes this objective.

PREVIOUS COUNCIL ACTION: In April of 2014, Council authorized the construction of the Pyramid Water Treatment Plant through Resolution 2014-25 when it authorized the City Manager to enter into an agreement with Eklutna Services, LLC.

BACKGROUND: City Staff, recognizing that highly specialized safety equipment was going to be disposed of in the landfill by the contractor, proactively reached out to the original manufacturer, TGO Technologies, Inc., to request a proposal to buy back the three one-ton secondary containment vessels for chlorine gas that TGO Technologies, Inc. originally supplied during the construction of the Pyramid Water Treatment Plant in 2015. City Staff also reached out to the only entity in Unalaska that continues to utilize chlorine gas (UniSea Inc.) to inquire if UniSea Inc. was interested in submitting a proposal to purchase these secondary containment vessels for chlorine gas. Only TGO Technologies, Inc. was interested and submitted a proposal to purchase each one-ton secondary containment vessel (Chlortainer) for \$10,000, totaling \$30,000 for the three Chlortainers. All transport and shipping costs will be borne by TGO technologies Inc. Payment will be made within six months of transport. Since only one proposal was received, a sole source disposal approval was requested from and granted by the Acting City Manager.

DISCUSSION: The Chlorine Upgrade Project is replacing the current gaseous chlorine disinfection system with an onsite generation system that utilizes electricity and salt to create a mild bleach solution which is used to disinfect the drinking water produced at the Pyramid Water Treatment Plant. Part of the gaseous chlorine disinfection system that is being demolished through this project are three secondary containment vessels that each house one-ton containers of chlorine gas. The current construction contract specifies that the contractor is responsible for the disposal of all demolished material and equipment created as a result of this project. Water Division staff recognized that this highly specialized safety equipment might be of value to the original manufacturer who might be able to inspect, refurbish, certify and resell this equipment and saw that it would be advantageous to the City if additional revenue could be generated from

this equipment above and beyond what would be received in landfill disposal fees (approximately \$7,500). Seeing this opportunity, Water Division staff proactively requested a proposal from the original manufacturer, TGO Technologies Inc., to purchase the three one-ton Chlortainers. City Staff also requested a purchase proposal from UniSea, Inc. as they are the only other user of chlorine gas in Unalaska. UniSea, Inc. was not interested in this equipment as they are also considering converting to onsite generation of chlorine from their current practice of utilizing chlorine gas. TGO Technologies, Inc. submitted a proposal to purchase all three one-ton Chlortainers for \$10,000 each, \$30,000 total. TGO Technologies Inc. is responsible for all transport costs and will remit payment within six months of transport. This proposal provides additional revenue to the City, reduces waste entering the landfill and allows for the possibility to negotiate with the contractor for a deduction to the construction contract due to the reduction in landfill fees they would have to incur otherwise. All around, this is an advantageous proposal.

ALTERNATIVES: The alternatives include allowing the contractor to dispose of the specialized equipment in the landfill as specified in the current construction contract documents; City staff could ask more parties for proposals to dispose of this specialized equipment in hopes of receiving a more favorable proposal; City staff could conduct a public outcry auction; or conduct a public sealed bid auction.

FINANCIAL IMPLICATIONS: If the ordinance is adopted, the City will receive \$30,000 in revenue. If Council decides that the contractor shall dispose of this equipment in the landfill, the City will receive approximately \$7,500 in revenue.

LEGAL: None.

STAFF RECOMMENDATION: Staff recommends Council approve the disposal of the three one-ton secondary containment vessels for chlorine gas through original manufacturer buy back.

PROPOSED MOTION: First reading, May 9: I move the schedule Ordinance 2023-04 for public hearing and second reading on May 23, 2023. Second reading, May 23: I move to adopt Ordinance 2023-04.

CITY MANAGER'S COMMENTS: I support the Staff Recommendation.

ATTACHMENTS:

- [City Manager approved sole source memo](#)
- [Buyback Agreement](#)

MEMO

Date: May 3, 2023
To: Bil Homka, Acting City Manager
From: Steve Tompkins, Director of Public Utilities
Re: Sole Source Approval – Manufacturer Buy Back of Specialty Chlorine Gas Containers

Attached is an offer from TGO Technologies, Inc., the manufacturer and supplier of three secondary Chlorine Gas Containers (Chlortainers) installed during the construction of the Pyramid Water Treatment Plant construction in 2015 that are now being demolished as part of the current Chlorine Upgrades Project. The proposed offer is to purchase back the three one-ton Chlortainers for \$10,000 each for a total of \$30,000. TGO Technologies, Inc. will be responsible for all transport costs and payment will be made within six months of transport from Unalaska.

This opportunity came about after Water division staff contacted TGO Technologies to request a proposal to buy back this gently used and well-maintained secondary chlorine gas containment equipment. DPU then contacted UniSea, Inc., who is the only other entity in Unalaska that utilizes chlorine gas. They were uninterested in purchasing these secondary containment vessels as they are also looking to transition to on-site generation of chlorine.

If this sole source disposal approval is denied, the Chlorine Upgrades Project contractor, IRI Inc. will dispose of the secondary containment vessels in the City of Unalaska landfill per the requirements of the construction contract. In this scenario, the City of Unalaska will generate approximately \$7,500 in landfill disposal fees, however, these vessels are bulky and occupy a lot of space.

City of Unalaska Code of Ordinance in §7.20.010(B)(4) allows the best qualified proposal who responds to a request for proposal to acquire the property as an allowable method for City-owned personal property to be disposed of. Due to the highly specialized nature of this equipment which is used for chlorine safety in a highly regulated industry, it is unreasonable to expect there to be another entity that would be able to use this equipment other than the manufacturer. It also may expose the City to unnecessary legal risk to supply this equipment to any entity other than the original manufacturer. Only the original manufacturer can inspect, refurbish and resell this equipment due to their unique knowledge and expertise. Even if UniSea was interested in this equipment, TGO Technologies, Inc, would need to make a site visit to refurbish, install and certify the equipment. Regardless DPU requested proposals from both the original manufacturer and the only chlorine gas user in Unalaska (UniSea, Inc.) to see if there was interest to acquire the equipment. The best and only qualified proposal was received from TGO Technologies, Inc.

I recommend accepting TGO Technologies, Inc. proposal to buy back three one-ton Chlortainers for a total of \$30,000.

REQUEST SUBMITTED BY:

**Steve
Tompkins**

Digitally signed by Steve Tompkins
DN: OU=Public Utilities, CN=City of Unalaska, CN=Steve
Tompkins, E=stompkins@unalaska.ak.us
Reason: I attest to the accuracy and integrity of this
document.
Location: Unalaska, Alaska
Date: 2023.05.03 16:26:14 CDT
First PDF (PDF) Version: 1.2.1.1

Steve Tompkins
Director of Public Utilities

SOLE SOURCE DISPOSAL APPROVED:



Bil Homka
Acting City Manager



TGO Technologies, Inc.
3641 Turnberry Circle
Santa Rosa, CA 95403-8247
Phone: (707) 576-7778

April 13, 2023

Mckenzi Berry
City of Unalaska, AK
1035 West Broadway
Unalaska, AK 99685

Re: Buyback Agreement

Dear Mckenzi,

TGO Technologies is willing to buy back your (3) Ton ChlorTainer vessels and loader for a total sum of \$10,000.00 per vessel. TGO agrees to pay for this fee in full within six months of the date of pick- up.

We will need the aid of an electrician to disconnect any power supplied to the vessel and scale, which will need to be handled by the city. The city will also need to remove all of the cemented anchors and bolts holding down the vessels and loader prior to the scheduled pick-up date. The city will provide a forklift for loading the vessels onto the truck. TGO will be responsible for the cost of transportation.

Kind Regards,

Rudy Caparros, Jr.
COO