



AGENDA MEMORANDUM

Action Item for the City Council Meeting February 13, 2024

DATE: February 13, 2024

TO: Peter Zaroni, City Manager

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Supply agreement for the purchase of Liquid Chlorine in Rail Car

CAPTION:

Motion authorizing execution of a one-year supply agreement, with a one-year option, with Brenntag Southwest, Inc. of Lancaster, Texas, in an amount not to exceed \$2,600,000.00, with a potential amount of \$5,200,000.00 if the option is exercised, for the purchase of liquid chlorine delivered by rail car, with FY 2024 funding of \$1,700,000.00 from the Water Fund.

SUMMARY:

This is a supply agreement for liquid chlorine for the O.N. Stevens Water Treatment Plant. Chlorine is used to disinfect the water and make it safe for public consumption.

BACKGROUND AND FINDINGS:

Chlorine is the disinfectant used during the water treatment process. Disinfection is required by state and federal regulatory agencies and is done at the beginning of the treatment process to reduce organic nutrients in the raw water. Chlorine is also added to provide a final disinfection polishing before distribution to the City's water system.

Chlorine is delivered to the O.N. Stevens Water Plant in 90-ton rail cars. Average chlorine usage results in approximately forty-five (45) days per rail car. Corpus Christi Water (CCW) and the Engineering Department are currently working on Capital Improvement Project No. E21104 to replace the existing chlorine system with an on-site sodium hypochlorite generation system. The RFP to furnish the generation equipment has been advertised. The construction bid is expected to be issued in Spring 2024.

The current contract is with PVS DX Inc., formerly DPC Industries, Inc. of Corpus Christi, Texas. This existing contract had a term of one-year with an option to extend for a one 12-month period at a chlorine cost of \$1,895.00 per ton. This contract also includes 240 days of detention charges incurred at a cost of \$100.00 per day and are charged if the rail car is in the City's possession for more than 30 days. It is expected that a total amount of \$5,000,000 will be spent for the current contract.

PROCUREMENT DETAIL:

Finance & Procurement conducted the Request for Bids process to obtain competitive bids. The City received two responsive, responsible bids. Staff is recommending the award to the lowest responsible bidder, Brenntag Southwest, Inc. The chlorine cost in the submitted bid package is \$1,650.00 per ton. The cost for detention was provided for 240 days at 100.00 per day. The chlorine cost in this bid is \$245.00 less per ton as compared to the existing contract of \$1,895.00 per ton.

Under the terms of the agreement, Chlorine pricing can fluctuate as per the IHS Markit Index, which is a subsidiary of S&P Global, utilizing the submitted bid pricing as the base. The detention pricing will remain the same throughout the term of the contract.

ALTERNATIVES:

There is no feasible alternative to meet production demand. Not using chlorine will result in a failure to protect the public from harmful conditions in the water and will result in regulatory noncompliance violations with the Environmental Protection Agency and the Texas Commission on Environmental Quality.

FISCAL IMPACT:

The fiscal impact for Corpus Christi Water in FY2024 is \$1,700,000.00.

FUNDING DETAIL:

Fund:	4010	Water Fund
Organization/Activity	31010	Stevens Filter Plant
Mission Element	045	Water
Project # (CIP only)	N/A	
Account:	520010	Purification Chemicals
Amount:	\$1,700,000.00	

RECOMMENDATION:

Staff recommends approval of this agreement authorizing the execution of a one-year

supply agreement with an additional one-year option with Brenntag Southwest, Inc. as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation
Supply Agreement