



## AGENDA MEMORANDUM

Action Item for the City Council Meeting January 25, 2022

**DATE:** January 25, 2022

**TO:** Peter Zaroni, City Manager

**FROM:** Gabriel Ramirez, Interim Director of Water Utilities  
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<b>Supply agreement for the purchase of Liquid Chlorine in Rail Car</b>
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**CAPTION:**

Resolution authorizing a one-year supply agreement, with one additional one-year option, for the purchase of liquid chlorine in rail car, in an amount not to exceed \$2,500,000.00 and a potential cost of \$5,000,000.00 if all options are exercised, with DPC Industries, Inc. of Corpus Christi, Texas, with FY 2022 funding in the amount of \$1,666,700.00 available through 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 done at the beginning of the treatment process to reduce organic nutrients in the raw water and as a final polishing before distribution to the City.

The current contract is also with DPC Industries, Inc. of Corpus Christi, Texas. The price per ton is increasing from \$581.89/ton to \$1,450.00/ton plus 200 days of detention charges, if needed, at \$100.00 per day. This contract will be renegotiated at the end of each calendar quarter (March, June, September and December) in 2022.

**PROCUREMENT DETAIL:**

Finance-Procurement conducted a competitive Request for Bid process to obtain bids for a new long-term contract. The City received a bid and an alternate bid from the same vendor. The bids included additional terms and limitations on the pricing provided. City staff elected to cancel the RFB and negotiate the terms of an agreement with the only bidder, DPC Industries, Inc., outside of the bid process. This chemical is necessary for use in the water treatment process. Procurement staff believes that it is in the best interest of the City's residents to enter into an agreement with DPC Industries, Inc., to avoid any interruption in the City's supply of liquid chlorine in accordance with Local Government Code, Section 252.022(a)(2), as this purchase is necessary to preserve or protect the public health or safety of the City's residents.

**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 in regulatory noncompliance violations with the Environmental Protection Agency and the Texas Commission on Environmental Quality. A future capital improvement project for on-site chlorine generation will be forthcoming to Council for design with construction completion expected in 2025.

**FISCAL IMPACT:**

The fiscal impact to the Utilities Department is an amount not to exceed \$2,500,000.00 for this one-year supply agreement for the purchase of liquid chlorine in railcar, which is the primary disinfectant used during the water treatment process. Approximately \$1,666,700.00 is required for FY2022, and the remaining cost will be budgeted in future years through the annual budget process.

**FUNDING DETAIL:**

Fund:	4010 Water
Organization/Activity:	31010 Stevens Filter Plant
Mission Element:	062 Treat water
Project # (CIP Only):	N/A
Account:	520010 Purification Chemicals

**RECOMMENDATION:**

Staff recommends approval of this resolution authorizing a one-year supply agreement with one additional one-year option with DPC Industries, Inc. as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution  
Supply Agreement