



AGENDA MEMORANDUM

Action Item for the City Council Meeting May 10, 2022

DATE: May 10, 2022

TO: Peter Zaroni, City Manager

FROM: Gabriel Ramirez, Interim Director of Water Utilities
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Supply Agreement for Liquid Caustic Soda

CAPTION

Motion authorizing a one-year supply agreement with Univar Solutions USA, Inc., of Kent, Washington, in an amount not to exceed \$4,382,000.00 for the purchase of liquid caustic soda for the Utilities Department, with FY2022 funding of \$1,825,833.00 from the Water Fund.

SUMMARY:

This is a supply agreement for liquid caustic soda solution for the O.N. Stevens Water Treatment Plant. Liquid caustic soda solution, also known as sodium hydroxide aqueous solution, is used to adjust the pH of the water treated.

BACKGROUND AND FINDINGS:

Liquid Caustic Soda Solution is currently utilized at the O. N. Stevens Water Treatment Plant for pH adjustment of the final filter effluent to raise the pH of the water. By raising the pH, a more stable environment is created for monochloramine residuals, and the higher pH also keeps city water from being corrosive to the distribution piping system.

PROCUREMENT DETAILS:

Finance - Procurement conducted a competitive Request for Bids process to obtain bids. The City received three responsive, responsible bids and staff is recommending the award to Univar Solutions USA Inc. This chemical was purchased in 2020 from the same

vendor at a price of \$185.28 per wet ton. The price in 2022 is \$407.50 per wet ton for a 120% increase due to rising market costs.

ALTERNATIVES:

An alternative to securing a long-term supply agreement is to purchase the liquid caustic soda solution through short-term supply agreements. This method of transactions may cause delays in the shipment of this critical chemical used for the treatment of potable water. In addition, the cost will depend on the market price at the time of purchase, which may be higher than a locked-in price obtained through a long-term agreement.

FISCAL IMPACT:

The fiscal impact to the Water Utilities Department in FY 2022 is an amount estimated at \$1,825,833.00 for the purchase of liquid caustic soda solution. The remaining cost of \$2,556,167 will be budgeted for next year 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 the motion authorizing this supply agreement with Univar Southwest USA Inc. as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation
Supply Agreement