



AGENDA MEMORANDUM

Action Item for the City Council Meeting of October 29, 2019

DATE: October 29, 2019

TO: Peter Zanoni, City Manager

FROM: Kevin Norton, Director of Water Utilities
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Amendment No. 1 to Liquid Ammonium Sulfate Supply Agreement
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CAPTION:

Motion authorizing Amendment No. 1 to Supply Agreement No. 1261 with Chemtrade Chemicals US, LLC, of Parsippany, New Jersey, for an amount not to exceed \$97,500.00 for the 24-month term, increasing the 24-month contract amount from \$701,882.00 to \$799,382.00, allowing a price increase to the contract for the purchase of liquid ammonium sulfate solution used as a source of ammonia in the formation of chloramines to disinfect the treated water at O. N. Stevens Water Treatment Plant. Funding is available through the Water Fund.

SUMMARY:

This motion authorizes an amendment to Supply Agreement No. 1261 with Chemtrade Chemicals US, LLC, of Parsippany, New Jersey for an amount not to exceed \$97,500 to allow a price increase to the contract for the purchase of liquid ammonium sulfate solution from \$179 per ton to \$204 per ton due to the increase in price for raw materials and freight. This amendment also includes the 24-month contract amount not to exceed \$701,882.00, making the total cost for the 24-month contract a not to exceed amount of \$799,382.00. There is one additional 24-month option period that could be exercised for future years.

BACKGROUND AND FINDINGS:

The Liquid Ammonium Sulfate Solution will be used as a source of ammonia in the formation of chloramines to disinfect the treated water. Chloramination is the best process to maintain a disinfectant residual in the City's long and extensive water distribution system. Disinfection of the drinking water is required for public health and welfare of the customers.

Supply Agreement No. 1261 is for 24 months with effective date October 24, 2017 to expiration date October 23, 2019 with a total value of \$701,882.00. The agreement includes the option to extend the term for up to two additional 24-month periods. This amendment exercises the first 24-month option.

On July 11, 2019, the City received a request from Chemtrade Chemicals US, LLC to increase the price of this chemical from \$179 per ton to \$204 per ton. The increase in price will add \$97,500.00 to the current contract pricing.

ALTERNATIVES:

An alternative to approval of Amendment No. 1 to Supply Agreement No. 1261 with Chemtrade Chemicals, LLC, would be not to extend the supply agreement. However, a Request for Bids would have to be conducted for Liquid Ammonium Sulfate Solution, which may lead to a shortage of this critical chemical required for the treatment of potable water for the department.

FISCAL IMPACT:

The amendment for the FY 2020 price increase is an amount not to exceed \$48,750.00. The total increase for the two years is an amount not to exceed \$97,500.00. The total contract cost for the first year is \$399,691.00. A not to exceed amount of \$350,941.00 was previously approved and has already been budgeted in FY 2020 for the first year of the 24-month amendment. The remaining cost of this contract will be budgeted in FY2021.

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 motion authorizing Amendment No. 1 to Supply Agreement No. 1261 with Chemtrade Chemicals, LLC, for the purchase of liquid ammonium sulfate solution as presented.

LIST OF SUPPORTING DOCUMENTS:

Amendment
Service Agreement