



AGENDA MEMORANDUM

Action Item for the City Council Meeting December 5, 2023

DATE: December 5, 2023

TO: Peter Zaroni, City Manager

FROM: Wesley Nebgen, Director of Water Systems Infrastructure
WesleyN@cctexas.com
(361) 826-3111

Josh Chronley, Assistant Director of Finance-Procurement
JoshC2@cctexas.com
(361) 826-3169

Supply Agreement for Sodium Hypochlorite for the Corpus Christi Water Department

CAPTION:

Resolution authorizing a one-year supply agreement with two additional one-year option periods with Brenntag Southwest, Inc., of Lancaster, Texas, for sodium hypochlorite for Corpus Christi Water in an amount up to \$6,300,000.00, with a potential total amount up to \$18,900,000.00 if both one-year options are exercised, with FY 2024 funding of \$6,300,000.00 from the Water and Wastewater funds.

SUMMARY:

This motion authorizes a one-year supply agreement with Brenntag Southwest, Inc., for sodium hypochlorite for Corpus Christi Water. This chemical is necessary during the wastewater and water treatment processes for public health and safety as required by the Texas Commission on Environmental Quality (TCEQ).

BACKGROUND AND FINDINGS:

Sodium hypochlorite is a chemical compound widely used for water purification and wastewater effluent disinfection. The Wastewater Division uses sodium hypochlorite for disinfection purposes at the Allison, Oso, and Laguna Madre Wastewater Treatment Plants before their treated effluents are discharged. The Water Division uses this chemical at the Sand Dollar and Staples Pumps Stations to keep the water quality stable in the distribution system.

PROCUREMENT DETAIL:

This procurement is exempt from the bidding requirements of Chapter 252 of the Texas Local Government Code as authorized by Section 252.022(a)(2) as it necessary to preserve or protect the public health and safety of the City's residents. In its place, Finance-Procurement conducted a quote request in an attempt to receive three price quotes from three separate vendors. Only the vendor who holds the current contract submitted a quotation. This chemical is necessary for use in disinfecting water and wastewater; therefore,

Procurement staff recommends that in the best interest of Corpus Christi's residents, the City should enter into an agreement with the incumbent Brenntag Southwest, Inc. to avoid any interruption to the supply of sodium hypochlorite.

The unit price of \$1.849 per gallon for the chemical in the proposed agreement will start off the same as the listed chemical price in January 2023; however, it will be adjusted quarterly based on the market price variation reported by the Information Handling Services (IHS Markit) which provides market price variations on chemicals. The agreement is established to adjust pricing on a quarterly basis as per the market price index. Budgeted amounts take into consideration potential price increases as based upon the market index over the contract term. Chemical usage estimates take into consideration increased flow due to new development, the effects of weather, and a safety factor to ensure that there is proper contract capacity so that operations will not be adversely affected during the contract period. The incumbent supplier of the chemical is Brenntag Southwest, Inc.

ALTERNATIVES:

The alternative is not to approve the proposed supply agreement and instead go out bid or attempt to get more responsive quotes; however, this will cause an interruption in the supply of the sodium hypochlorite. This chemical is required during both the water and wastewater treatment process for public health and safety, and to meet TCEQ environmental permit requirements.

FISCAL IMPACT:

The FY 2024 fiscal impact for Corpus Christi Water is \$6,300,000.00.

FUNDING DETAIL:

Fund:	4200	Wastewater
Organization/Activity:	33100	Broadway Wastewater Treatment Plant
Department:	46	Wastewater
Project # (CIP Only):	N/A	
Account:	520010	Purification Chemicals
Amount:	\$63,000.00	

Fund:	4200	Wastewater
Organization/Activity:	33110	Oso Wastewater Treatment Plant
Department:	46	Wastewater
Project # (CIP Only):	N/A	
Account:	520010	Purification Chemicals
Amount:	\$5,103,000.00	

Fund:	4200	Wastewater
Organization/Activity:	33130	Allison Wastewater Treatment Plant
Department:	46	Wastewater
Project # (CIP Only):	N/A	
Account:	520010	Purification Chemicals
Amount:	\$315,000.00	

Fund:	4200	Wastewater
Organization/Activity:	33140	Laguna Madre Wastewater Treatment Plant
Department:	46	Wastewater
Project # (CIP Only):	N/A	
Account:	520010	Purification Chemicals
Amount:	\$252,000.00	

Fund:	4010	Water
Organization/Activity:	31010	Stevens Filter Plant
Department:	45	Water
Project # (CIP Only):	N/A	
Account:	520010	Purification Chemicals
Amount:	\$567,000.00	

RECOMMENDATION:

Staff recommends approval of the resolution authorizing execution of the proposed supply agreement with Brenntag Southwest, Inc. as presented.

LIST OF SUPPORTING DOCUMENTS:

Supply Agreement
Bid Tabulation