



AGENDA MEMORANDUM

Action Item for the City Council Meeting of February 8, 2022

DATE: February 8, 2022

TO: Peter Zaroni, City Manager

FROM: Gabriel Ramirez, Interim Director of Water Utilities
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<p>Amendment No. 2 for Liquid Aluminum Sulfate Supply Agreement for Water Treatment for the O.N. Stevens Water Treatment Plant</p>

CAPTION:

Motion authorizing Amendment No. 2 to Supply Agreement No. 1903 with Chemtrade Chemicals US, LLC. with local plant in Odem, TX, for the continued purchase of liquid aluminum sulfate solution for the Utilities Department and to amend the unit price for liquid aluminum from \$103.00 per ton to \$124.00 per ton and increase the total contract amount by \$365,400.00 due to this higher cost per ton, with funding available in the amount of \$213,150.00 in the FY 2022 Water Fund.

SUMMARY:

This item is to approve Amendment No. 2 to Supply Agreement No. 1903 for liquid aluminum sulfate solution for the O.N. Stevens Water Treatment Plant and to amend Attachment B of the Bid/Pricing Schedule to the Agreement to change the unit price for Liquid Aluminum Sulfate from \$103.00 per ton to \$124.00 per ton due to the increase in price for raw materials and freight effective February 18, 2022. In February 2020, Amendment No. 1 decreased the price from \$147.93 per ton to \$103.00 per ton for Year 3 of Supply Agreement No. 1903 and was approved by Council.

BACKGROUND AND FINDINGS:

Liquid aluminum sulfate is used for water treatment as a primary coagulant to remove suspended solids from the raw water. Coagulants cause very fine particles to clump together into larger particles that either settle out in the sedimentation basins or are removed by the filters.

The City currently receives liquid aluminum sulfate from Chemtrade Chemicals US, LLC of Parsippany, New Jersey with Contract No.1903 for \$99.00 per ton. The original contract was for one year with a unit price of \$147.93 per ton, with two one-year renewal options. Amendment No. 1, replaced the renewal options with a 36-month term supply agreement for an amount not to exceed \$5,185,200.00 as follows:

Year 1 @ \$96.00 per wet ton	= \$1,670,400.00
Year 2 @ \$99.00 per wet ton	= \$1,722,600.00
Year 3 @ \$103.00 per wet ton	= <u>\$1,792,200.00</u>
Total Amendment	\$5,185,200.00

The increase in price for Year 3 @ \$124.00 per wet ton = \$2,157,600. Although there is an increase in price for Year 3, there is still a savings of \$416,382.00 from the original price of \$147.93 per wet ton as shown in the original contract unit price.

ALTERNATIVES:

An alternative to securing a long-term supply agreement is to purchase the liquid aluminum sulfate 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 Utilities Department in FY 2022 is an amount not to exceed \$213,150.00 for the purchase of liquid aluminum sulfate. The remaining cost in the amount of \$152,250.00 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 motion authorizing Amendment No. 2 to Supply Agreement No. 1903 with Chemtrade Chemical US, LLC. for the purchase of liquid aluminum sulfate as presented.

LIST OF SUPPORTING DOCUMENTS:

Supply Agreement
Amendment No. 2