



AGENDA MEMORANDUM

Action Item for the City Council Meeting of February 18, 2020

DATE: February 18, 2020

TO: Peter Zaroni, City Manager

FROM: Kevin Norton, Director of Water Utilities
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<p>Amendment to Supply Agreement for Liquid Aluminum Sulfate for Water Treatment for the O.N. Stevens Water Treatment Plant</p>
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CAPTION:

Motion authorizing an amendment to Supply Agreement No. 1903 with Chemtrade Chemicals US, LLC., of Parsippany, New Jersey for an additional 36-month term for an amount not to exceed to \$5,185,200.00, allowing a price reduction per wet ton for a cost savings of \$2,536,746.00 over three years for the purchase of liquid aluminum sulfate for the water treatment process at the O.N. Stevens Water Treatment Plant with funding in the amount of \$1,113,600.00 made available in the FY 2020 Water Fund.

SUMMARY:

This motion authorizes an amendment to Supply Agreement 1903 with Chemtrade Chemicals US, LLC of Parsippany, New Jersey for an additional 36-month term in the amount not to exceed \$5,185,200.00 with a price decrease for the purchase of liquid aluminum sulfate for a total cost savings of \$2,536,746.00.

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 \$147.93 per wet ton for a total of \$2,573,982.00. The original contract is for one year, with two one-year renewal options, expires February 17, 2020. Amendment No. 1, replaces 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 total amount of the contract with its amendments equals 7,759,182.00. At the reduced price per ton, the City is saving \$2,536,746.00 over a three-year period.

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 2020 is an amount not to exceed \$1,113,600.00 for the purchase of liquid aluminum sulfate. 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 motion authorizing a four-year supply agreement with Chemtrade Chemical US, LLC. for the purchase of liquid aluminum sulfate as presented.

LIST OF SUPPORTING DOCUMENTS:

Supply Agreement
Amendment No. 1