



AGENDA MEMORANDUM

Action Item for the City Council Meeting October 26, 2021

DATE: October 26, 2021

TO: Peter Zaroni, City Manager

FROM: Kevin Norton, Director of Water Utilities
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Amendment No. 2 to Sodium Permanganate Supply Agreement

CAPTION:

Motion to authorize Amendment No. 2 to Supply Agreement No. 1266 with Carus Corporation, for continued purchase of sodium permanganate for the treatment of potable drinking water at the O. N. Stevens Water Treatment Plant and to amend the unit price for sodium permanganate from \$1.23 per pound to \$1.63 per pound and increase the total contract amount by \$1,165,080.00 due to this higher cost per pound, with FY 2022 funding in the amount of \$582,540.00 available in the Water Fund.

SUMMARY:

This motion authorizes an amendment to Supply Agreement 1266 for sodium permanganate for the O.N. Stevens Water Treatment Plant to amend Attachment B of the Bid/Pricing Schedule to the Agreement to change the unit price for sodium permanganate from \$1.23 per pound to \$1.63 per pound due to the increase in price for raw materials and freight. In November 2019, Amendment No. 1 increased the price from \$1.17 per pound to \$1.23 per pound and was approved by Council.

BACKGROUND AND FINDINGS:

The sodium permanganate is a chemical used for the treatment of potable drinking water at the O.N. Stevens Water Treatment Plant since 2016. This chemical is used for taste

and odor aesthetics of the water and as an oxidizer to remove organics and help prevent a loss of chlorine disinfectant residual in the system.

In 2019 when the first extension was exercised, the contract was amended to change the price from \$1.17 per pound to \$1.23 per pound. The price per pound has increased further due to increases in raw materials and freight. To exercise the second extension, the price needs to be amended from \$1.23 per pound to \$1.63 per pound. The anticipated cost of this price change for the duration of the second extension is \$1,165,080.

ALTERNATIVES:

An alternative to the approval of Amendment No. 2 to Supply Agreement No. 1266, with Carus Corporation would be to not extend the supply agreement. However, a Request for Bids would have to be conducted for sodium permanganate solution which may lead to a shortage of this critical chemical required for the treatment of potable water.

FISCAL IMPACT:

The fiscal impact for the Water Fund in FY 2022 due to the price increase is estimated at \$582,540.00. The remaining estimated cost of \$582,540.00 will be budgeted during the annual budget process. The cost of the second extension of the contract is an amount not to exceed \$4,747,701.00 which includes \$3,582,621.00 for the additional term and \$1,165,080.00 for modifications made to Attachment B; therefore the revised value of this Supply Agreement is not to exceed \$11,738,190.00.

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. 1266 with Carus Corporation for the purchase of sodium permanganate as presented.

LIST OF SUPPORTING DOCUMENTS:

Amendment 2
Executed Supply Agreement