



MEMORANDUM

TO: Mayor and City Councilmembers
Steve Parker, City Manager

FROM: Twila Wood, Purchasing Manager

DATE: March 24, 2023

RE: Contract Renewal for Liquid Chlorine

Bids were solicited for an annual contract to provide Water and Wastewater Treatment Chlorine for use by the Water Utilities Department in January 2021. Only two (2) bids were received and a contract was awarded to Brenntag Southwest Inc. for liquid chlorine at \$710 per ton. The original contract terms allowed for annual price revisions based on a published price index or documented market conditions.

In July 2021 Council approved Brenntag's requested price increase to \$1,060 per ton due to market conditions, the fact that liquid chlorine is a required chemical for Water Utilities, there are only a limited number of suppliers of chlorine nationwide and that Brenntag has provided good service to the City for many years.

Brenntag requested a further price increase to \$1,780 per ton in February 2022 with the understanding that a price adjustment will be considered every six (6) months. Council approved the increase because market conditions had not improved, the U.S. chemical industry was experiencing unprecedented price escalations on many basic raw materials and freight rates were continuing to rise.

In August 2022 a further increase was approved to \$2,200 per ton because transportation costs had increased over 45% since the beginning of 2022 and Brenntag documented through the industry-standard index used to track chlorine pricing that a price increase was warranted at that time.

Market conditions have not improved and transportation costs continue to escalate. Brenntag requested a price increase to \$2,600 per ton beginning February 1, 2023. Staff recommends accepting and ratifying the renewal at the increased rate of \$2,600 per ton.