



## MEMORANDUM

TO: Mayor and City Councilmembers  
Steve Parker, City Manager

FROM: Twila Wood, Purchasing Manager

DATE: January 12, 2022

RE: Contract Renewal for Liquid Chlorine

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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.

In July 2021 Brenntag requested a price increase to \$1,060 per ton. The vendor stated that the U.S. Producers of chlorine never fully recovered from the 5 hurricanes in 2020, suffered damages to production facilities from the historic freeze and weather conditions in the South in February 2021, and that Covid 19 restrictions negatively impacted both their workforce and supply chains. These factors resulted in U.S. chlorine producers operating at a drastically reduced capacity while demand for the chlorine molecule made into derivatives such as PVC and chlorinated solvents remains strong. Furthermore, rail freight availability is reduced because of some of the same market factors which result in drastically increased freight rates.

In consideration of market conditions, the fact that liquid chlorine is a required chemical for Water Utilities, there are a limited number suppliers of chlorine, and that Brenntag has provided good service to the City for many years, the increase in price was accepted for the second half of the first contract year.

The original contract terms allow for three (3) one-year extensions that includes a price revision based on a published price index or documented market conditions. Brenntag has requested a price increase to \$1,780 per ton beginning February 1, 2022 with the

understanding that a price adjustment will be considered again in six (6) months. Market conditions have not improved and the U.S. chemical industry is experiencing unprecedented price escalations on many basic raw materials and freight rates continue to rise.

Staff recommends accepting and approving the renewal at the increased rate of \$1,780 per ton and requests approval to consider a further cost increase after six (6) months as requested by the vendor.