



MEMORANDUM

TO: Mayor and City Councilmembers
Steve Parker, City Manager

FROM: Twila Wood, Purchasing Manager

DATE: August 8, 2022

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 allow 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 beginning February 1, 2022, with the understanding that a price adjustment will be considered every six (6) months (August 2022). 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.

Brenntag has indicated that transportation costs have increased over 45% since the beginning of 2022 and they have documented through the industry-standard index used to track chlorine pricing that a price increase is warranted at this time. They have requested an increase to \$2,200 per ton beginning August 2022, pending Council approval.

Staff recommends accepting and approving the renewal at the increased rate of \$2,200 per ton.