

MEMORANDUM

TO: Donna Barron, City Manager

VIA: Keith Marvin, P.E., Director of Public Services

FROM: Kelly Rouse, Utilities Manager

DATE: July 16, 2021

SUBJECT: **Approval of a Bid Award for an Annual Requirements Agreement for Liquid Chlorine to DPC Industries Inc., Cleburne, TX, for the Estimated Amount of \$246,598; and Authorization for the City Manager to Execute the Agreement.**

BACKGROUND

On July 15, 2021 a bid was received for a chemical used in the Water and Wastewater Treatment Plants for treatment and disinfection processes, as prescribed by the Texas Commission on Environmental Quality (TCEQ) and U.S. Environmental Protection Agency (EPA), to meet water quality standards and to protect public health. Liquid Chlorine is a chemical utilized in the treatment processes.

The City of Lewisville uses Liquid Chlorine as a primary disinfectant to inactivate bacterial, viral, and protozoan pathogens. State and federal regulations also require the presence of chlorine in water within the distribution system. The chlorine residual in our system is required to be between 0.5 and 4.0 parts per million.

ANALYSIS

As part of an annual renewal for the existing chemical contract, the City was originally notified of an increase back in March of 2021 and this increase was ultimately accepted between the City and the vendor at that time. The chlorine vendor then sent a letter in June notifying the City that due to multiple chlorine producer increases, an additional increase in the cost per ton would be passed onto all current customers and go into effect on July 1, 2021. Based upon purchasing requirements in the Local Government Code, the City could not accept this additional increase and was forced to go out to bid.

In June 2021, The Environmental Protection Agency sent out a notice to all drinking water utilities, via their respective State primacy agencies, that a number of supply-side events have occurred over the last year resulting in production shortages. In August 2020, a facility that produces the largest calcium hypochlorite supply in the U.S. was destroyed by fire and another two large chloralkali producers have declared force majeure in 2021 due to critical equipment failures. One of those producers was directly affected by Winter Storm Uri here in Texas.

As part of the bid specifications, vendors were instructed to submit ANSI/NSF certification standards. The bidder met this criterion and the bid is being recommended based on lowest cost.

One (1) bid was received for chlorine at \$246,598 for 242 tons. DPC Industries Inc., the previous contract holder, was the bidder for liquid chlorine and has been a reliable vendor in the past.

Funding for these purchases is budgeted in the Utilities Division operating accounts. The increasing cost of these chemicals will increase the cost of providing water to our customers, and could result in a need for additional funding for these accounts at mid-year in April of 2022.

RECOMMENDATION

Staff recommends that the City Council approve the bid award and authorize the City Manager to execute the agreement as set forth in the caption above.