

Mayor and Council Communication

DATE: 12/14/21

M&C FILE NUMBER: M&C 21-0951

LOG NAME: 13P 21-0068 CHLORINE RAILCAR JC WATER

SUBJECT

(ALL) Authorize Execution of an Agreement for Liquid Chlorine Railcar Loads with Brenntag Southwest, Inc. in an Annual Amount Up to \$1,542,090.00 for the First Year for the Water Department and Authorize Four Annual Renewal Options with Negotiated Prices Based on Market Value Annually and Renegotiate 120 days Prior to Renewal

RECOMMENDATION:

It is recommended that the City Council authorize the execution of an agreement for liquid chlorine railcar loads with Brenntag Southwest, Inc. in an annual amount up to \$1,542,090.00 for the first year, for the Water Department and authorize four annual renewal options with negotiated prices based on market value annually and renegotiate 120 days prior to renewal.

DISCUSSION:

The Water Department approached the Purchasing Division for assistance with securing an agreement to purchase liquid chlorine. The Water Department will use this agreement to treat potable water at the Rolling Hills Water Treatment Plant (WTP) for the water treatment process at various WTPs throughout the City.

To procure these goods, staff issued an invitation to bid (ITB) 21-0068 consisting of detailed specifications describing liquid chlorine requirements including delivery, meeting American Water Works Association (AWWA), and National Science Foundation (NSF) requirements.

BID ADVERTISEMENT - This bid was advertised in the *Fort Worth Star-Telegram* on March 10, 2021, March 17, 2021, and March 24, 2021. Eight vendors were solicited through the purchasing database system and twenty-five from the Texas Comptroller of Public Accounts database; two bids were received.

The total annual cost for liquid chlorine has been \$690,000.00 over the last five years. There is an overall 123.96 percent increase in pricing compared to the previous agreement awarded September 28, 2016 (M&C P-11939). The drastic increase in price is due to a massive fire that burnt down and destroyed the Louisiana chemical plant that produces most of the nation's chlorine in August of 2020. Other major factors of the price increase are the transportation costs and the pandemic (COVID-19). The shortage is predicted to last until the projected scheduled reopening of the plant in the fall of 2022. The Water Department and purchasing staff reviewed the proposed pricing and certify that the prices offered are within industry standards based on the bid(s) received. After a meeting with the proposed vendor (Brenntag), they have agreed to renegotiate the chlorine prices according to industry market value 120 days prior to the renewal option periods and adjust accordingly for the duration of the 4 years of optional contract renewals.

AGREEMENT TERMS: Upon City Council approval, this agreement shall begin upon execution and expire one year from that date.. No guarantees were made that a specific amount of required items would be purchased. Items will be ordered on an as-needed basis.

A waiver of the goal for M/WBE subcontracting requirements was approved by the Business Equity Division, in accordance with the applicable Ordinance, because the purchase of goods or services is from sources where subcontracting or supplier opportunities are negligible.

ADMINISTRATIVE CHANGE ORDERS - In addition, administrative change orders or increases may be made by the City Manager up to the amount allowed by relevant law and the Fort Worth City Code and does not require specific City Council approval as long as sufficient funds have been appropriated.

RENEWAL OPTIONS - This agreement may be renewed for up to four successive one-year terms at the City's option. Renewal pricing will be renegotiated 120 days prior to each renewal according to the market value until the shortage or duration of renewals expire whichever occurs first. This action does not require specific City Council approval provided that the City Council has appropriated sufficient funds to satisfy the City's obligations during the renewal term and the increase does not go over 10% of the prior agreement amount.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the current operating budget, as appropriated, of the Water and Sewer Fund and that prior to an expenditure being made, the Water Department has the responsibility to validate the availability of funds.

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Expedited