



Staff Report

TO: City Council
FROM: Thaxton Van Belle, General Manager of Utilities
DATE: August 2, 2022
SUBJECT: **Approve the Second Amendment of the Wastewater Treatment Plant Chemical Supply Contract with HASA, Inc.**

Background and Analysis:

A request for bids was issued by City staff in May of 2020, for chemical supplies required to operate the new advanced treatment plant. On July 7, 2020, the City Council approved a contract with HASA, Inc. (HASA), for the chemical supply of sodium hypochlorite. On June 15, 2021, City Council approved a First Amendment to Chemical Supply Agreement with HASA to extend services for one year (Attachment A).

HASA has submitted pricing for the next fiscal year with a cost increase due to supply and manufacturing constraints, as well as inflationary pressure throughout the supply chain with upward trends in labor and transportation costs. In a letter to Congress, the American Water Works Association (AWWA) references a nationwide chlorine cost increase of 160%, with some users experiencing 300%-700% increases (Attachment B). The following table illustrates last year's FY2021 pricing and the current proposed pricing for FY2023.

Chemical	2022 Price Per Gallon	2023 Price Per Gallon
Sodium Hypochlorite 2500 -3999 Gallons (short truck)	\$0.98	\$1.90
Sodium Hypochlorite >4000 Gallons (full truck)	\$0.85	\$1.70

All Chemical Supply Contracts are scheduled to undergo new bid requests in the next Fiscal Year.

Fiscal Impact:

The total cost of the agreement is based on actual usage and estimations have been appropriated within the wastewater special supplies budget. The cost to prepare this report is estimated at \$500.

Recommended Action:

Approve a second amendment to the Chemical Supply Agreement with HASA, Inc., extending the duration of the contract for one year and agreeing to the adjusted rates as outlined in the amendment.

Attachments:

- A. FY 2022 Contract Amendment
- B. American Water Works Letter to Congress
- C. Proposed FY2023 Contract Amendment