



STAFF REPORT

CITY OF GREEN COVE SPRINGS, FLORIDA

TO: Regular Council Meeting **MEETING DATE:** August 16, 2022
FROM: Scott Schultz, Asst. Water Utilities Director
SUBJECT: City Council approval to enter into quarterly “contracts” (Agreements) with Hawkins, Inc. for purchase of water and wastewater treatment chemicals, to maintain supply until market pricing and availability stabilizes. *Scott Schultz*

BACKGROUND

On 5/2/17 Council approved Bid # 03-17-02 awarding the contract to supply water and wastewater treatment chemicals to Hawkins, Inc. The contract initiated 5/2/2017, with the ability to extend four more years (which the city did), ending on 5/1/2022.

In preparation to prepare a Request for Proposals to initiate another 5-year contract, vendors are not willing to enter into a contract for longer than one year, and some of the vendors do not intend to quote due to supply chain issues. Availability of Sodium Bisulfite is an industry-wide concern. Without this chemical, we cannot de-chlorinate wastewater and send it to the River. This is a concern for all utilities that discharge to surface waters.

On 5-1-22, Council approved a “contract extension” (agreement) with Hawkins, sell the city water and wastewater treatment chemicals through September 30, 2022, in order to bring the expiration date in alignment with our fiscal year (as most blanket contracts are) and in hopes that the market will stabilize. Note – this is not a contract extension. There will be a price increase effective May 1, 2022, as follows:

- Sodium Hypochlorite: \$1.21 / gallon to \$1.75 / gallon
- Sodium Bisulfite: \$2.65 / gallon to \$2.99 / gallon

It should also be noted that Hawkins has honored their bid price for the entirety of their five-year term. They have not requested any price increases, even in the midst of the Chlorine shortages last year and in the midst of increasing chemical and transportation costs. They have been delivering at a loss to keep our business.

The 5-1-22 staff report brought to Council attention the increase that we expect to see in expenditures from May 1, 2022 through September 30, 2022 above and beyond the existing blanket PO that Council has authorized for the current fiscal year, and assure that staff will continue to monitor the chemical market and issue a new RFP for award by October 1, 2022 or report back to Council with other options as may be appropriate and in the best interest of the City.

As the end of Fiscal Year 2022 approached, staff reached out to several vendors to include Jones Chemicals, Allied Universal and Hawkins. All three companies indicated that this was not the time to ask them to commit to long-term pricing, and one company declined to add any new customers to their business.

Hawkins has been the city's chemical provider for approximately eight years and has been a reliable source and business partner. Hawkins has agreed to quarterly agreements where chemical pricing will be adjusted based on market pricing, which could lead to increases or decreases in price. The historical prices for chemicals are listed below.

Sodium Hypochlorite:

- FY 19-21: \$1.21 / gallon
- FY 22: \$1.75 / gallon
- 1st Quarter FY23: \$1.84 / gallon

Sodium Bisulfite:

- FY 19-21: \$2.65 / gallon
- FY 22: \$2.99 / gallon
- 1st Quarter FY23: \$3.35 / gallon

FISCAL IMPACT

Approximately \$30,000.00 to the wastewater fund

Approximately \$15,000.00 to the water fund

RECOMMENDATION

Approve quarterly "contracts" (Agreements) with Hawkins, Inc. for purchase of water and wastewater treatment chemicals, to maintain supply until market pricing and availability stabilizes