



AGENDA REPORT

City Council Meeting

TODAY'S DATE: September 24, 2026

MEETING DATE: October 7, 2026

TO: City Council

FROM: Holly Ellis, Public Works Director

SUBJECT: Approval of second amendment to Purchase Order 26-1658 with OXARC, Inc.

DESCRIPTION/BACKGROUND:

The City purchases industrial chemicals necessary for operation of its water and wastewater treatment facilities, including chlorine and sulfur dioxide for the Wastewater Treatment Plant and chlorine and soda ash for the Water Treatment Plant. These chemicals are essential to disinfection and other required treatment processes.

The treatment chemical market, particularly for chlorine products, has experienced significant supply and pricing challenges in recent years. The U.S. Environmental Protection Agency (EPA) has documented reductions in domestic chlorine production capacity, extended supplier lead times, partial order fulfillment, increased transportation and production costs, and the potential for regional shortages. EPA has also encouraged water and wastewater utilities to maintain established supplier relationships to support continuity of supply during market disruptions.

The City has experienced these impacts directly. The cost of chlorine gas has increased by more than 60% over the past three years. In addition, Wastewater Treatment Plant chemical usage has increased due in part to higher temperatures and associated treatment demands.

Due to the annual cost of these chemicals and the operational importance of maintaining a reliable supply, the City conducted a procurement process in March 2025 to evaluate pricing and product availability. On March 19, 2025, City Council adopted Resolution 25-013 declaring OXARC, Inc. the sole-source supplier for anticipated chemical purchases through the remainder of Fiscal Year 2025 and Fiscal Year 2026. Purchase Order 26-1658 was subsequently issued in the amount of \$125,000.

In June 2026, City Council approved the first amendment to increase the purchase order by \$60,000, establishing a revised not-to-exceed amount of \$185,000. Chemical usage and pricing have continued to exceed the amounts originally anticipated.

Staff is requesting a second and final amendment to Purchase Order 26-1658 to increase the authorized amount by \$64,999 and extend the purchase order through November 30, 2026. The short-term extension will allow the City to maintain an uninterrupted supply of required treatment chemicals while staff completes a new procurement for Fiscal Year 2027. Staff plans to solicit the FY2027 chemical purchase order in October 2026.

STAFF RECOMMENDATION:

Staff recommends approval of the second amendment to Purchase Order 26-1658 with OXARC, Inc. to increase the Purchase Order by \$64,999, for a total not-to-exceed amount of \$249,999 and to extend the term through November 30,2026.

ACTION:

Staff requests that City Council approve the amended Purchase Order 26-1658 with OXARC, Inc. in the total not-to-exceed amount of \$249,999 for chemical purchases and extend the term through November 30, 2026.

WILL THERE BE ANY FINANCIAL IMPACT? Yes HAS THIS ITEM BEEN BUDGETED? Yes

ATTACHMENTS:

Proposed Resolution

OXARC, Inc. PO #26-1658