

From: [Richard Meckes](mailto:Richard.Meckes@chemtradelogistics.com)
To: [Richard Meckes](mailto:Richard.Meckes@chemtradelogistics.com)
Subject: Chemtrade
Date: Monday, March 18, 2019 3:19:26 PM

From: Peters, Paul [<mailto:PPeters@chemtradelogistics.com>]
Sent: Wednesday, December 19, 2018 10:14 AM
To: Purchasing Division <purchasing@ircgov.com>
Cc: Martin, Vincent <VMartin@chemtradelogistics.com>
Subject: Chemtrade Alum Pricing - Indian River County, FL

December 19, 2018

Ms. Diane Lystlund
Buyer – Indian River County
400 S. Orange Avenue
Orlando, FL 32801

Dear Ms. Lystlund,

I am writing to you as Chemtrade is the current supplier to you for Liquid Aluminum Sulfate (Alum) as part of your water treatment chemical needs. Going into 2019 we are seeing significant cost increases for making and delivering Alum to your facility. In fact, you are receiving this due to a review of our accounts and we will be losing cash at the current price, in essence paying Indian River County to order Alum from Chemtrade.

Here are a few points to help justify and clarify our price request.

1. The US government has instituted tariffs on imported Aluminum Products. This has had a greatly increased effect on the cost of alumina in all forms, as imported materials now have hefty tariff charges. This has caused the cost of raw alumina to increase globally well above market indexes for imported material as well as from the domestic suppliers.
2. Sulfuric Acid has seen dramatic increases for 2019. In many cases we have seen our plants receive increases as much as \$40+ per ton for 2019. At our Tampa Plant, which is what supplies your account, we received a \$53/Ton increase for 2019. Alum consists of almost 50% Acid, therefore the Alum costs from acid increase alone has gone up \$26.50 per dry ton.
3. As a result of significant shortage in truck drivers in the US trucking rates have seen unprecedented increases. In mid-2018, Chemtrade received rate increases from our tank truck common carrier that resulted in 50-70% increases, for many hauls, in our freight costs to deliver product. These are costs that were not able to be captured and taken into consideration in the original bid which was conducted prior to Chemtrade receiving the increase.

Based on the above information, Chemtrade is requesting price relief to continue supplying Alum to your facility. Obviously, since we are at a point of losing cash money on sales of the product is not sustainable for Chemtrade or the viability of our production plant. Chemtrade would like to request a price increase of \$35 per dry ton to assist with the substantial increases we are absorbing, effective January 1, 2019. The requested price increase of \$35 per dry ton does not cover all the increases we have seen. We are asking for a portion of the increases to assist with covering the cost increases we have received ourselves.

The current price to Indian River County is \$209.95 per dry ton, and the new requested price would be \$244.95 per dry ton.

I would appreciate your considering this information in reviewing our requested price increase. Chemtrade fully understands that we may be in the middle of a bid contract, yet we feel we have no alternative other than reaching out and asking for assistance and your willingness to work with us on this matter. We are open to your thoughts on this if you have suggestions.

Feel free to email or call myself, or Vincent Martin, Florida Account Manager, at 704-904-3003. Vincent is also copied on this message. Thank you for being a Chemtrade customer and we look forward to working together to find a resolution to this situation.

Regards,

Paul Peters
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Indian River County Utilities

Rich Meckes

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