

**Indian River County, Florida
Department of Utility Services
Board Memorandum**

Date: July 24, 2020

To: Jason E. Brown, County Administrator

From: Vincent Burke, PE, Director of Utility Services

Through: Jennifer Hyde, Purchasing Manager

Prepared By: Terry Southard, Operations Manager, Utility Services
Richard Meckes, Wastewater Superintendent

Subject: Chemtrade Price Changes

Background/Analysis:

On September 11, 2018, the Indian River County Board of County Commissioners (BCC) approved the award for Bid 2019003 for the Annual Bid for Liquid Aluminum Sulfate. We have been purchasing liquid aluminum sulfate (alum) under this agreement since October 1, 2018. The approved bid award for Fiscal Year (FY) 2018/2019 was awarded at the price of \$0.5672 per gallon. Section 2. C of the agreement states that the bid award may be renewed, by mutual agreement, for two (2) additional ONE (1) YEAR periods up to a cumulative total of THREE (3) YEARS at the same prices, terms and conditions. Any change in price, terms, or conditions shall be accomplished by written amendment to this award with final approval requiring BCC action. Previously on April 9, 2019 the BCC authorized an increase in the unit price from \$0.5672 to the current price of \$0.6618.

Chemtrade Chemicals US LLC (Chemtrade) has submitted correspondence and a request to increase their current pricing. Chemtrade has listed the following reasons for their request:

1. Higher cost of raw materials.
2. Additional freight costs due to carriers' need to retain responsible, qualified, and safe drivers, and to maintain trucks.

Chemtrade is requesting that the current price of \$0.6618 per gallon be increased to \$0.6890 per gallon due to the conditions listed above. All other terms and conditions of the agreement will remain the same with the exception of the increased price per gallon. The approved FY 2019/2020 budget for the purchase of alum for the wastewater treatment facilities (WWTF), 47121836-035230, is \$47,000.00, and the approved budget for the biosolids operations department, 47125736-035230, is \$23,000.00. Current year-to-date spending listed in the chart below indicates that the requested increase will not require any additional funding this fiscal year. An email of updated pricing is available from the Purchasing Division upon request.

<u>ACCT NO</u>	<u>ENC</u>	<u>SPENT</u>	<u>REMAINING</u>
47121836-035230	\$ 47,000.00	\$ 29,185.21	\$ 17,814.79
47125736-035230	\$ 23,000.00	\$ 19,886.80	\$ 3,113.20

Funding:

Funds for alum are in the chemicals budget for both the WWTF and biosolids divisions, which are part of the Utilities operating funds budgets. The proposed budget for FY 2020/2021 includes the funding listed below. Staff believes the proposed budgets include enough funding to absorb the price increase as listed. Utilities operating funds are generated from water and sewer sales.

Description	Account Number	Total Budget	Additional Cost due to price increase
Chemicals Wastewater Treatment	47121836-035230	\$ 71,000	\$1,900
Chemicals Biosolids	47125736-035230	\$ 29,000	\$ 940

Recommendation:

The staff of Indian River County Department of Utility Services recommends that the Board of County Commissioners approve the Chemtrade Chemicals US LLC request of a price increase for the Fiscal Year 2020/2021 starting October 1, 2020, for the purchase of liquid aluminum sulfate, and authorize the final extension. Staff recommends that the contract be rebid for the Fiscal Year 2021/2022 budget.