



INDIAN RIVER COUNTY, FLORIDA DEPARTMENT OF UTILITY SERVICES

Date: April 1, 2019

To: Jason E. Brown, County Administrator

From: Vincent Burke, P.E., Director of Utility Services

Through: Jennifer Hyde, Purchasing Manager

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

Subject: Chemtrade Price Change

BACKGROUND/ ANALYSIS:

On September 11, 2018, the Indian River County (IRC) Board of County Commissioners (BCC) approved the award for Bid 2019003 for Liquid Aluminum Sulfate. IRC Department of Utility Services (IRCDUS) has been purchasing Liquid Aluminum Sulfate under this agreement since October 1, 2018. The approved bid award for Fiscal Year (FY) 2018/2019 was based on the price of \$0.5672 per gallon. Paragraph 2. C. of the agreement states 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.

Chemtrade Chemicals US LLC submitted correspondence on December 19, 2018, to our Purchasing Department with a request to increase their current pricing (see attached email). In their words, they listed the following reasons for their request:

1. The United States (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 a 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.

Chemtrade is requesting that the current price of \$0.5672 per gallon be increased by \$0.0946 per gallon to \$0.6618 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 current FY 2018/2019 encumbrance for Aluminum Sulfate for the Wastewater Treatment Facilities (WWTF) 47121836-035230 is \$65,000.00, and \$22,500 for the Residuals Dewatering Facility (RDF).

The encumbrance and totals needed are reflected below. Since the total needed for the year is less than the encumbrance, no additional funding will be required in order to cover the price increase.

ACCOUNT NUMBER	ACCOUNT NAME	ENCUMBERED	EXPENSES THROUGH 03/31/19	PROJECTED EXPENSES 04/01 to 09/30/19	BALANCE REMAINING AFTER TOTAL ANNUAL EXPENSES
47121836-035230	Chemicals WWTF	\$ 65,000.00	\$ 15,913.77	\$18,619.00	\$30,467.23
47125736-035230	Chemicals RDF	\$ 22,500.00	\$ 9,849.79	\$11,524.00	\$ 1,126.21

FUNDING:

Funds for this project are derived from the Chemicals budget in the Operating fund. Operating funds are generated from water and sewer sales.

RECOMMENDATION:

Staff recommends that the Board of County Commissioners approve the Chemtrade request of a price increase for the remainder of the current contract year for the purchase of Aluminum Sulfate, and direct the Purchasing Manager to issue a change order to Chemtrade on Purchase Order 81917 to memorialize the price per gallon change. The total dollars encumbered do not need to change.

ATTACHMENTS:

1. December 19, 2018, E-Mail Request for Price Increase from Chemtrade