

Division of Water

Request for Legislation

Cleveland Water (CWD) seeks authority to amend its current requirement contracts for the purchase of alum, alum polymer blend, sodium hypochlorite, potassium permanganate, powdered activated carbon, neutralization chemicals and fluorosilicic acid.

Background/Purpose:

Cleveland Water has a comprehensive treatment process that produces high-quality potable water. The multi-stage process involves physical and chemical processes that removes debris, and clarifies, filters, and disinfects lake water. Water treatment chemicals are added at different stages of the process of making our water safe. These chemicals are critical and needed for public health protection.

CWD and the rest of the water industry continue to see rising costs and supply chain disruptions in the supply of critical items. Raw material shortages and rising transportation prices continue to put pressure on chemical suppliers. Delays in acquiring materials have disrupted supplier operations and pushed up prices. Chemical prices have increased as much as 60% as the industry reports higher transportation costs, longer lead times and lost production. Facing an uncertain future for chemical cost and supply, CWD needs to amend its current chemical contracts with new provisions for regular modifications to the unit price of the product.

This scenario was anticipated during the Budget Hearings in March, when City Council authorized CWD to raise its budget line item for chemicals via the "green sheet" process by \$2.5 Million.

Scope of Work/Commodities/Services:

The amended contracts will allow us to continue to purchase the required chemicals to produce our safe drinking water. These chemicals must meet the requirements of the Ohio Administrative Code, and must be certified that they conform to the requirements of NSF Standard 60 (Drinking Water Treatment Chemicals – Health Effects.)

These contracts shall be modified such that at regular periods (in most cases every six months) the unit prices of the products shall be recalculated. The recalculation shall be based on formulas tied to objective, published industry standard indices, such as the Producer Price Index (PPI), the Oil Price Information Service (OPIS), and the Consumer Price Index (CPI). This provision is necessary during these periods of extreme price volatility. The recalculated unit price could go up or down, based on how the indices change over time. Water systems in Ohio and around the country have struggled with the same supply chain issues, and have had to rework their contracts just to get needed product. Going forward, Cleveland Water will include such recalculation clauses in its bidding documents and contracts from the very beginning.

Justification/Urgency:

CWD has analyzed all of its options and believes this is the only viable one that will allow it to reliably get the products needed to deliver safe, high quality drinking water. It is not an option to run out of these chemicals.

Anticipated Costs and funding source:

CWD's General Operating Fund will be used.

Schedule or Term of Contract:

Existing contracts

Current Contract(s):

Vendor Company Name	Vendor Address	Vendor Contact	Contract Info
Bonded Chemicals Inc	2645 Charter St. Columbus Ohio 43228 614-777-9244	Brett McMillen	Sodium Hypochlorite MA 2021-055
Bonded Chemicals Inc	2645 Charter St. Columbus Ohio 43228 614-777-9244	Brett McMillen	Neutralization Chemicals MA 2021-082
Bonded Chemicals Inc	2645 Charter St. Columbus Ohio 43228 614-777-9244	Brett McMillen	Potassium Permanganate MA 2022-20
Cabot Norit Americas	3200 University Ave Marshall, TX 75670 903-923-1046	Amber Lewis	Powdered Activated Carbon MA 2021-068
USALCO LLC.	2601 Cannery Ave. Baltimore MD., 21226 410-354-0100	Joe Hickey	Alum Blend Coagulant MA 2022-012
Chemtrade Chemicals LLC.	90 East Halsey Road #200 Parsippany, New Jersey 07054 800-441-2659	Shiraz Tampal	Liquid Alum Coagulant MA 2022-08
Univar Solutions USA Inc	3075 Highland Parkway #200 Downers Grove, IL 60515- 5560 513-969-7393	Shelly Riggle	Fluorosilicic Acid MA 2022-0018 (month Contract)

CSB Participation on the Current Contracts:**Goals: __20__%; Actual CSB Participation: __0__%**

If there is no CSB participation, explain why here: The goal set for this requirement contract has not been met because it is impractical to subcontract portions of this contract.