



Legislation Details (With Text)

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Title: APPROVAL OF AMENDMENT NO. 1 AUTHORIZING A PRICE ADJUSTMENT AND APPROVAL OF RENEWAL AND INCREASING THE CONTRACT VALUE WITH CARUS LLC f/k/a CARUS CORPORATION. FOR SUPPLY AND DELIVERY OF POLY PHOSPHATE IN THE TOTAL ESTIMATED RENEWAL VALUE OF \$599,520 THROUGH DECEMBER 9, 2024 (\$299,760) PER YEAR).

Sponsors: Utilities Department, Purchasing Department

Indexes:

Code sections:

Attachments: 1. Agenda Cover Report, 2. Legal Review Checklist Carus Amendment.pdf, 3. Amd #1. ITB 2019-047 Carus Inc - vendor executed.pdf, 4. Fully Executed Agreement.pdf, 5. ITB 2019-047 Poly Phosphate Supply and Delivery.pdf, 6. 2021 RM Market Drivers Phosphate_Price Increase

Date	Ver.	Action By	Action	Result
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TO: Mayor and Commissioners
FROM: Hassan Hadjimiry, Utilities Director
THROUGH: Terrence R. Moore, ICMA-CM
DATE: November 1, 2022

APPROVAL OF AMENDMENT NO. 1 AUTHORIZING A PRICE ADJUSTMENT AND APPROVAL OF RENEWAL AND INCREASING THE CONTRACT VALUE WITH CARUS LLC f/k/a CARUS CORPORATION. FOR SUPPLY AND DELIVERY OF POLY PHOSPHATE IN THE TOTAL ESTIMATED RENEWAL VALUE OF \$599,520 THROUGH DECEMBER 9, 2024 (\$299,760) PER YEAR).

Recommended Action

Motion to approve Amendment No. 1 to authorize a price adjustment, and approval of renewal and increase the contract value with Carus LLC f/k/a Carus Corporation for supply and delivery of Poly Phosphate in the total estimated renewal value of \$599,520 (\$299,760 per year) through December 9, 2024.

Background:

On December 10, 2019, City Commission via Resolution No. 209-19, approved an Agreement with Carus LLC f/k/a Carus Corporation, for the supply and delivery of Poly Phosphate; pursuant to Invitation to Bid No. 2019-047. Poly Phosphate is used to reduce deterioration in piping by inhibiting scale formation and corrosion, containing inhibitors to protect water distribution piping. It creates a monomolecular film that reduces lead and copper leaching to comply with the current lead and copper rule.

In the past year, producers have announced five rounds of price increases for phosphoric acid. The global inventory of phosphate is low, and ever-increasing tariffs on imported phosphates from some of the major phosphate-producing countries, i.e., Morocco and Russia have contributed to the decline in the supply of this commodity. Phosphoric acid input costs (those for sulphur and phosphate rock) have risen dramatically: sulphur by 174% year-over-year and phosphate rock by almost 84%. The vendor has indicated that the industry as a whole is plagued with supply chain issues which have created supply-demand imbalance. To provide additional justification, a Phosphate Market Summary is attached hereto.

The City therefore wishes to exercise its first option to amend the contract by increasing the contract value and renewing same through December 9, 2024. This First Amendment will increase the price of Poly Phosphate Supply and Delivery from \$1.03 to \$4.64 per pound.

Estimated Contract Value \$450,000		
Initial	December 10, 2019 - December 9, 2022	\$270,000
Renewal Term 1	December 10, 2022 - December 9, 2023	\$90,000
Renewal Term 2	December 10, 2023 - December 9, 2024	\$90,000
Increase requests thru this action	\$599,520	
Total Revised Contract Value	\$1,049,520	

City Attorney Review:

Approved as to form and legal sufficiency.

Funding Source/Financial Impact:

Funding will be available from 441-36-259-536.52-30 (Water Treatment and Storage, Operating Supplies Chemicals).

Timing of Request:

This request is time sensitive to ensure the Supply and Delivery of Poly Phosphate.