

AGENDA ITEM REPORT

DATE: April 4, 2023
 DEPARTMENT: Utilities
 REQUESTER: Pamela Keyes
 TITLE: Approve Contract Amendment for Sulfuric Acid

I. MOTION REQUESTED

- A) Approve Amendment No. 1 with Sulfuric Acid Trading Company (SATCO) under Solicitation No. B200253AEJ Sulfuric Acid - Annual, increasing the price for the purchase of sulfuric acid from \$1.0614 per gallon to \$1.6295 per gallon.
- B) Authorize the County Manager or designee to execute any documents associated with the price increase on behalf of the Board of County Commissioners.

II. ITEM SUMMARY

Approve Amendment No. 1 to the contract with SATCO to increase the unit price for the purchase of sulfuric acid by 53.52%. SATCO submitted the required documentation to Procurement Management to substantiate a price increase from \$1.0614 per gallon to \$1.62945 per gallon. The price increase is due to rising sulfuric acid import costs and increased freight and handling costs. Sulfuric acid is used in the water treatment process to adjust the acidity or alkalinity/pH in various treatment processes. Pricing will be renegotiated or rebid once market conditions change. The total previous twelve-month spend for sulfuric acid was \$268,560.47.

III. BACKGROUND AND IMPLICATIONS OF ACTION

- A) Board Action and Other History
 On August 4, 2020, the Board of County Commissioners awarded B200253AEJ Annual Purchase of Sulfuric Acid to Sulfuric Acid Trading Company to supply sulfuric acid for Lee County Utilities water treatment facilities through August 3, 2024. The original term of the contract was for one year with an option to renew for up to three additional one-year periods.

 Current Board approval will allow for a 53.52% increase for Sulfuric Acid.
- B) Policy Issues
- C) BoCC Goals
- D) Analysis
 Sulfuric acid is used in the water treatment process to adjust the acidity or alkalinity/pH in various treatment processes. During the three-year annual contract, SATCO had no price increases and honored the original price quote from June 2020, although industry increases were prevalent. SATCO has submitted all required documentation to Procurement to increase the price from \$1.0614 per gallon to \$1.62945 per gallon or 53.52%. The price increase is due to rising sulfuric acid import costs and increased freight and handling costs. The price increase of 53.52% is estimated to add an additional \$143,733.56 per twelve-month spend, as detailed in the historical pricing summary table below.

Sulfuric Acid for Utilities Water Treatment Plants - Annual				
Annual Contract B200253AEJ Start Date: 8/4/2020				
53.52% Price Increase			Expenditure History	
	DATE	Unit Price Per Gallon	2/1/21-1/31/22	2/1/22-1/31/23
Contract Start	8/4/2020	\$ 1.0614	\$ 246,955.67	\$ 268,560.47
Amendment I	3/15/2022	\$ 1.63	\$ -	
		Total Expenditures:	\$ 246,955.67	\$ 268,560.47
		Anticipated Additional Expense from Increase	\$ 143,733.56	

- E) Options

IV. FINANCIAL INFORMATION

A)	Current year dollar amount of item:	\$143,734
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B)	Is this item approved in the current budget?	Yes
C)	Is this a revenue or expense item?	Expense
D)	Is this Discretionary or Mandatory?	Discretionary
E)	Will this item impact future budgets? If yes, please include reasons in III(D) above.	No
F)	Fund: Utilities Operating Program: Utilities Project: Sulfuric Acid Annual Contract Account Strings: Various Operating Budgets	
G)	Fund Type?	Enterprise
H)	Comments:	

V. **RECOMMENDATION**

Approve

VI. **TIMING/IMPLEMENTATION**

VII. **FOLLOW UP**

ATTACHMENTS:

Description	Upload Date	Type
B200253AEJ - Purchase of Sulfuric Acid - signed by vendor Am 1- Price Increase - Vnd OCR	3/9/2023	Agreement
Signature Authority	3/24/2023	Backup Material

REVIEWERS:

Department	Reviewer	Action	Date
Utilities	Tucker, Mary	Approved	3/24/2023 - 9:54 AM
Utilities	Keyes, Pamela	Approved	3/24/2023 - 10:11 AM
Budget Services	Henkel, Anne	Approved	3/24/2023 - 11:22 AM
Budget Services	Winton, Peter	Approved	3/27/2023 - 10:07 AM
County Attorney	Swindle, Amanda	Approved	3/27/2023 - 11:49 AM
County Manager	Salyer, Glen	Approved	3/28/2023 - 9:28 AM