



MEMORANDUM

Council Agenda
Item No. X. E
6/21/2022

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Concurrence with the Oklahoma City Water Utilities Trust in renewing the pricing agreement with Shannon Chemical Corporation (R23-C209003), zinc orthophosphate, estimated annual cost \$700,000, July 16, 2022 through July 15, 2023.

Purpose:

To renew the pricing agreement for zinc orthophosphate used at the water treatment plants to assist with corrosion control in the water distribution system.

Background:

The Oklahoma City Water Utilities Trust (OCWUT) purchases zinc orthophosphate from Shannon Chemical Corporation (Shannon). The current agreement includes a renewal for two additional one-year terms. This is the final one-year renewal.

Staff notified the vendor that OCWUT wishes to renew the pricing agreement under the same terms and conditions as previously awarded. A letter agreeing to the renewal has been received from Shannon.

Shannon requested a price adjustment as allowed by the agreement. The price increase was administratively approved by the General Manager on May 3, 2022. The increase is due to the combination of unprecedented price increases specifically for purified phosphoric acid and freight markets which has continued to accelerate production and supply chain challenges. The price is increasing from \$1,507.18 per ton, to \$2,620.00 per ton.

Staff has been notified and determined that there is no market advantage in re-bidding at this time. Renewing the agreement with Shannon is vital to prevent a lapse in service. The pricing agreement meets The City of Oklahoma City's policy on renewal of pricing agreements for goods and services.

Pricing Agreement:

(R23-C209003)

Shannon Chemical Corporation

Estimated Cost:

\$700,000

Source of Funds:

OCITY Water Utilities–Water City Operations–Utilities Water Treatment–Water Treatment All Plants–Chemicals (399-3001-3990501-06601-53130013)

Review:

Utilities Department

Recommendation: Concur with the Oklahoma City Water Utilities Trust in renewing the pricing agreement.