

Memorandum



CITY OF DALLAS

DATE June 9, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Agenda Item #59 on June 14, 2023 – Dallas Water Utilities Emergency Ratification to Purchase Water and Wastewater Treatment Chemicals**

The following item will be presented to the City Council on the June 14, 2023 agenda.

Agenda Item #59 – Authorize an emergency ratification allowing Dallas Water Utilities (DWU) to secure uninterrupted delivery of chemicals needed to treat drinking water and wastewater to regulatory compliance standards. Chemicals purchased under this emergency ratification include Anhydrous Ammonia, Anthracite, Fluoride, Hydrogen Peroxide, Liquid Ammonia Sulfate, Liquid Sulfur Dioxide, Polymer, Quicklime, and Chlorine for a total of \$9,113,464.47.

Worldwide shortages in raw materials and escalating freight costs left many chemical suppliers unable to continue honoring established prices. DWU was faced with the possibility of having multiple chemical suppliers issue a declaration of force majeure and discontinue delivery of product, jeopardizing the Utility's ability to provide essential water and wastewater services to our community.

Although requests were made for price adjustments, the City was unable to meet the request due to contract limitations. To deal with this challenge, DWU worked closely with the Office of Procurement Services (OPS) and the City Attorney's Office (CAO) to identify a solution that would allow DWU to continue purchasing chemicals in advance of a new contract that would accommodate future price adjustments.

At the recommendation and direction of the CAO, DWU with the assistance of OPS, rebid the contracts with improved language to allow for flexibility in addressing future price adjustments. The uninterrupted purchase of these treatment chemicals from April 22, 2022 thru March 31, 2023 was essential for DWU to continue providing our community with essential water and wastewater services.

As you may recall, the looming rail strike last September offered a preview of the significant ramifications chemical shortages can have on our communities. As described in the September 14, 2022 email to Councilmembers regarding the strike, DWU was faced with the real possibility of not having enough chlorine to adequately provide our 2.6 million customers with a continuous supply of safe, clean drinking water.

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We take our mandate to protect the well-being of our residents seriously and immediately began to act. To provide DWU with the ability to continue purchasing chemicals in the interim while new contracts were established, OPS opted to utilize their authority as outlined in Chapter 252 Sec. 22-General Exceptions of the Local Government Code which allows for "...a procurement necessary to preserve or protect the public health or safety of the municipality's residents."

If you have any questions or require additional information, please contact Terry Lowery, Director of Dallas Water Utilities.

Sincerely,



Kimberly Bizer Tolbert
Deputy City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors