

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: January 9, 2013

Board Item: V-E-1

**Authorization of Additional Funds for Caustic Soda  
Contract #12554A**

Action by Consent

Action

Information

Denver Water uses liquid sodium hydroxide (caustic soda) in the water treatment process to control pH and to ensure compliance with the Environmental Protection Agency's Lead and Copper Rule.

The Board entered into Contract No. 12554A with Industrial Chemicals Corporation to provide caustic soda for the contract period January 1, 2010, through December 31, 2014. This contract has reached the not-to-exceed amount of \$4,532,000.00 due to the significant variability in caustic soda price. Therefore, the contract needs to be amended to increase compensation by \$4,000,000.00.

Caustic soda prices under Contract No. 12554A are currently adjusted monthly based on the Global Chlor-Alkali Market Report (CAMR). Since the CAMR will cease to exist as of January 1, 2013, prices will now adjust monthly based on the IHS North America Caustic Soda: Contract Liquid Index. When the contract was originally bid, the index price for caustic soda was \$210.00 per ton. The January 2013 cost of caustic soda will be \$635.00 per ton.

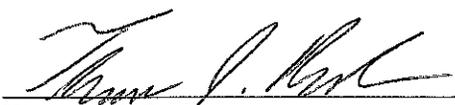
Funds for caustic soda are included in the 2013 and 2014 budgets under MPCs 4CB0002, 4CB0003, 4CB0004 and 4BB0001.

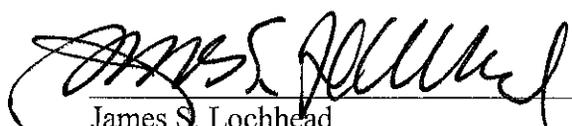
Recommendation:

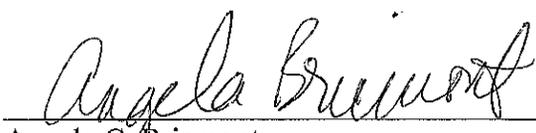
It is recommended that the Board authorize additional funds for Contract No. 12554A with Industrial Chemicals Corporation for Caustic Soda in the amount of \$4,000,000.00, for a total contract amount not to exceed \$8,532,000.00.

**Approvals:**

Respectfully submitted,

  
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Thomas J. Roode  
Director of Operations and Maintenance

  
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James S. Lochhead  
CEO/Manager

  
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Angela C. Bricmont  
Director of Finance