



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	February 16, 2023
SUBJECT/REPORT NO:	Update on Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050(a)/PW22047(a)) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tina Iacoe (905) 546-2424 Ext. 2796 Deborah Goudreau (905) 546-2424, Ext. 4606
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	
SUBMITTED BY:	Nick Winters Acting Director, Hamilton Water Public Works Department
SIGNATURE:	

COUNCIL DIRECTION

That staff be directed to prepare an information report back to Audit, Finance & Administration Committee with the total annual contract price resulting from the approved single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, for the supply and delivery of Liquid Chlorine to the City by Olin Canada ULC.

As a result of this report, the item representing procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants will be considered complete and removed from the Audit, Finance and Administration Committee outstanding business list.

INFORMATION

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Update on Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants (FCS22050(a)/PW22047(a)) (City Wide) – Page 2 of 2

On May 19, 2022, the Audit, Finance and Administration (“AF&A”) Committee approved Report FCS22050/LS22025/PW22047 respecting the Procurement of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, giving staff direction to single source the procurement and enter into negotiations and a formal contract with Olin Canada ULC. At that time, AF&A also added the following recommendation to the Report:

- “(c) That staff be directed to prepare an information report back to Audit Finance & Administration Committee with the total annual contract price for the supply and delivery of Liquid Chlorine in Railway Tank Cars for the Woodward Water and Wastewater Treatment Plants, following the execution of the agreement.”

Council subsequently approved Report FCS22050/LS22025/PW22047. Staff proceeded with negotiations and the execution of a three-year Contract with optional renewal terms with Olin Canada ULC. The terms of the Contract are such that the per metric tonne price is firm for the first year; every calendar year thereafter, the price of the product would be negotiated for one-year periods by both parties based on the current market conditions.

The negotiated total annual cost for Contract C11-03-22 is approximately \$1,427,600 based on the average annual consumption of chlorine for the last 5 years.

Committee and Council are advised that in recent consultations with Olin Canada ULC, Olin has advised that, without any major disruption in market, pricing is expected to increase by a minimum of 5% per metric ton in 2023 due to elevated chlorine pricing throughout 2022. However, due to Hamilton’s proximity to two Olin Canada ULC manufacturing plants, providing the necessary supply is not expected to be a concern. As per Report FCS22050/LS22025/PW22047, a budget adjustment for liquid chlorine was evaluated during the 2023 Rate Budget process which was presented to Council and approved in late 2022.