

Memorandum

Date: February 4, 2025

To: The Honorable Board of Directors

From: Sonya Collins, Procurement Director

CC: Navid Mehram, Chief Operating Officer - Wastewater Operating Services
Cheryl Porter, Chief Operating Officer - Water and Field Services
Terry Daniel, Deputy Chief Operating Officer - Water and Field Services
Majid Khan, Director of Operations WRRF
Daniel Edwards, Procurement Manager

RE: Updated Communication-Chemical Pricing and Market Volatility

Background:

Previously on December 4, 2024, GLWA Procurement reported to the Board that inflation is starting to ease, however, chemical pricing is still volatile with manufacturers increasing pricing every 3-6 months. Vendors are refusing to hold pricing longer than one (1) year to which it is becoming increasingly difficult to bid out chemicals within an adequate procurement cycle.

Due to the anticipated tariffs, Vendors are communicating price increases on imported raw materials necessary to manufacture chemicals. Please be advised that any tariffs will have a significant impact on GLWA's chemical costs and in anticipation of tariffs, the market for all commodities are already seeing significant price increases. The updated GLWA chemical analysis and resolution is located on page 4.

While most of the chemicals GLWA purchases are manufactured in the United States, majority of the raw materials come from outside of the United States.

The following is the current state of chemicals used by GLWA:

- Sodium Hypochlorite – current pricing is \$2.885/gallon expires December 31, 2025
- Aluminum Sulfate – current pricing is \$ 408.50/ton expires June 30, 2025

- Phosphoric Acid – current pricing is \$7.35/gallon expires December 31, 2025
- Hydrofluorsilicic Acid – current pricing is \$574.00/ton expires August 31, 2025
- Sodium Bisulfite – current pricing \$279.00/ton expires July 31, 2025
- Chlorine – 1-ton containers current pricing \$2,075.00/ton expires March 31, 2025
- Chlorine – Rail car current pricing \$1,833.00/ton expires May 1, 2025
- Polymers –
 - C-318 Polymer - current pricing \$1.12/lb./expires April 19, 2025
 - C-308 Polymer – current pricing \$.84/lb. expires May 1, 2025
 - DPOL C6260 Polymer – current pricing \$1.10/pound expires January 31, 2025
 - DPOL Polymer – current pricing \$2,700.00/ton expires March 31, 2025
 - TPOL Polymer – current pricing \$1.05/pound expires January 31, 2025
 - CPOL Clarifloc C-359 – current pricing \$.98/ pound expires April 4, 2025
 - CPOL Clarifloc N-6310 – current pricing \$598.50/450 lb. drum expires May 16, 2025
- Sulfur Dioxide – current pricing \$465.00/ton expires April 30, 2025
- Ferric Chloride – current pricing \$997.00/ton expires May 28, 2025

Chart 1: Producer Price Index by Industry

This chart is from Federal Reserve Bank of St. Louis posted on November 14, 2024, to show the increasing prices of chemicals related to water treatment.

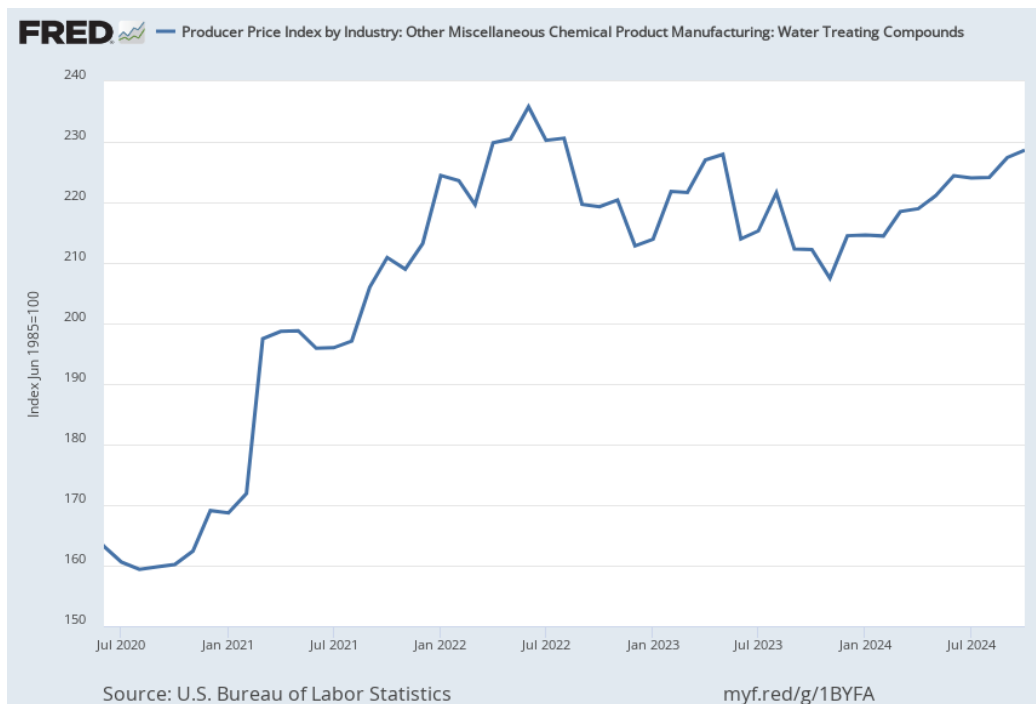


Chart 2: Water Treatment Chemicals Market Size

This chart is from Straits Research posted on November 19, 2024, to show the increase in the global water treatment chemicals market size. The Compound Annual Growth Rate (CAGR) is showing at 3% for the forecasted years shown below.

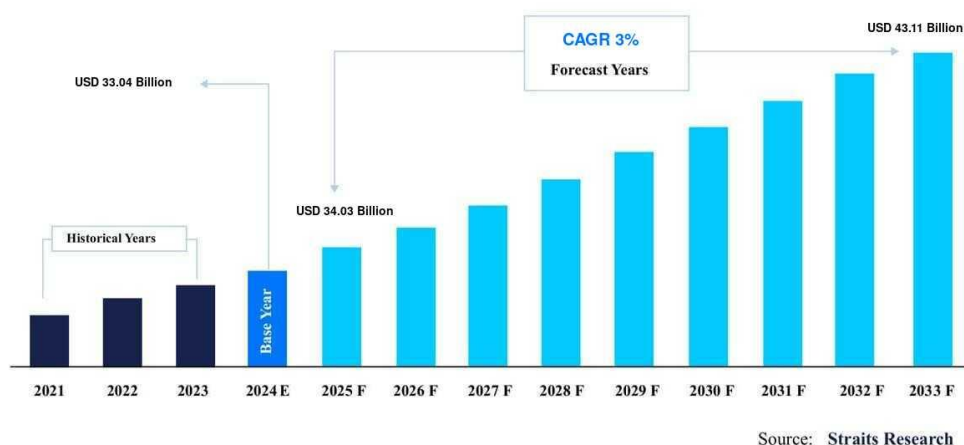
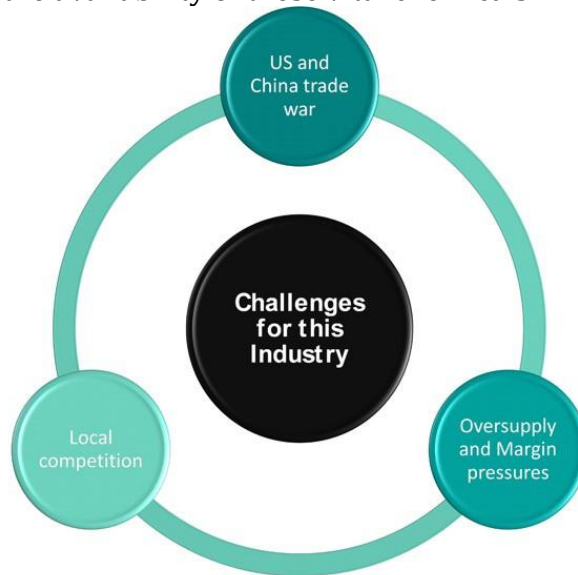


Chart 3: Challenges the Bulk Chemicals Industry Faces

This chart is from Straights Research representing the current structure for the chemical market. This market is currently considered a perfect competition structure, and disruption of that can be critical to the availability of these vital chemicals.”



Updated Analysis and Resolution:

Procurement is utilizing various purchasing strategies to mitigate price gouging and maintain inventory. These strategies include bidding and/or using specialized services including cooperative agreements. Procurement will continue to notify the Board on the status of chemicals.