



September 9, 2023

Ms. Kate Duffy  
Purchasing Manager  
Public Works Division  
City of Deltona  
255 Enterprise Road  
Deltona, Florida 32725

Re: **BULK SODIUM HYPOCHLORITE SUPPLY FOR FY 2024**

Encl: (1) Marion County Sodium Hypochlorite Piggyback Package

Dear Ms. Duffy,

As you know, Odyssey Manufacturing Co. has been supplying sodium hypochlorite to the City of Deltona's wastewater/re-use facilities under a piggyback arrangement with Marion County for the past three years which expires on September 30, 2023. Marion County recently renewed their sodium hypochlorite at a new unit price of \$1.65 per gallon. As such, Odyssey offers to continue to sell its Ultrachlor 12.5 Trade Percent sodium hypochlorite to the City of Deltona for the upcoming fiscal year at a unit price of \$1.65 per gallon from a "piggyback" arrangement with Marion County through September 30, 2024. This price is fixed to the tanker accessible re-use/wastewater sites and there are no fuel surcharges, delivery fees or other hidden charges. The contract has one one-year renewal remaining. I have attached a copy of the solicitation package, Odyssey's proposal, the award notice, the contract and the renewal amendment documentation. Shari Chinevere is the point of contact for Marion County @352-671-8648. Also, as part of the chemical supply, Odyssey will continue to provide technical assistance to your facilities as required as we have done in the past at both your Water and Wastewater Treatment facilities.

As you know, we continue to be in a period of unprecedented hyper-inflation in this country and in particular the chemical business for the past two plus years. Unfortunately, we have not raised prices fast enough to keep up with our actual cost inflation for the past two years and are suffering financially. Additionally, in the past twelve months, we have had the following cost increases: (1) Large traffic increases in Florida have caused us to hire more drivers to deliver the same number of gallons (our average # of tanker deliveries in a 12-hour day has gone down from 1.33 to 1.20 in the past twelve months); (2) Driver wages have increased about 20% because of the national driver shortage; (3) Odyssey's cost of medical benefits increased by \$1.1 million this past January because we have to have good insurance to be able to hire and keep drivers; (4) The cost of leased tractors from Ryder has gone up 18% in the past twelve months; and (5) The cost of new FRP tankers has increased from \$78,000 to \$128,000 over the past twelve months. Overall, our delivery costs are up 40% and about \$.25 per gallon is the amount of the total price we allocate to delivery. Secondly, we are becoming more dependent on ECU's (i.e., chlorine and caustic railcars) to make our bleach. ECU prices continue to hover between \$1.20 to \$1.30 per gallon (add \$.10 to make it and \$.25 to deliver it you can see we are upside down on many of our deliveries). Third, we have a lot of "soft costs" that have gone up significantly and we tend not to focus on things such as liability insurance which is up \$150,000 per year. Our property insurance went up \$150,000 last year and went up another \$350,000 on our renewal in June. Earlier this Spring, we were informed by our raw material

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suppliers that they will be implementing significant increases in rail freight in the next few months largely spurred by the recent mishap in Ohio (on order of magnitude of \$.05 - \$.10 per gallon).

Besides our cost increases, a second barometer is hypochlorite bids in the marketplace. The below table represents all of the bids in the State of Florida for sodium hypochlorite in the past twelve months. As you can see, the proposed increase is very reasonable in light of the recent bids.

<b>Bid Date</b>	<b>Utility</b>	<b>Annual Gallons</b>	<b>Allied or Brenntag</b>	<b>Odyssey or Hawkins</b>
9/6/2022	Bay County	232,500	\$1.89	\$1.35
9/8/2022	City of Marco Island	404,405	\$1.34	\$1.55
9/9/2022	Seacoast Utility Authority	250,000	\$1.29	\$1.55
10/7/2022	City of Plantation	262,000	\$1.328	\$1.67
10/26/2022	City of Lakeland	90,000	\$1.57	\$1.58
10/27/2022	Pinellas County	1,481,223	\$1.45	\$1.15
11/18/2022	City of Wildwood	115,000	\$1.57	\$2.56 (H)
11/22/2023	City of Winter Haven	714,777	1.55	No Bid
12/8/2022	City of Clearwater	957,000	\$1.67	\$1.28
1/10/2023	City of Tallahassee	625,000	\$1.69	\$1.59
1/25/2023	City of Edgewater	240,000	\$1.73	\$1.49
3/6/2023	Peace River Manasota	750,000	\$1.43	\$1.69
6/2/2023	City of New Port Richey	320,000	\$1.44	\$1.85
6/15/2023	Okeechobee County	30,000	No Bid	\$1.80
6/27/2023	Town of Jupiter – Full Tankers	314,000	\$1.44	\$1.85
6/27/2023	Town of Jupiter – Small Tankers	4,000	\$1.54	\$3.50
7/6/2023	City of Fort Lauderdale Full Tankers	9,214,000	\$1.47	\$2.25
7/6/2023	City of Fort Lauderdale Partial Tanker	356,000	\$1.57	\$2.45
7/10/2023	City of Ocala	325,000	\$1.90	\$1.75
7/26/2023	The Villages	700,000	\$2.37 (B)	\$1.85 (H)
7/31/2023	City of Ormond Beach	320,000	\$1.95	\$1.69

Thank you for your consideration. We look forward to the opportunity to serve your sodium hypochlorite needs in the future. Please do not hesitate to contact me at (813) ODYSSEY or cellular (813) 335-3444 if I can be of further assistance.

Sincerely,

Patrick H. Allman  
General Manager

C: (1) Glenn Whitcomb, Deltona  
(2) Jim Parrish, Deltona