

Non-Competitive Contract with Kemira Water Solutions Canada Inc. for the Supply of Iron Salts at Wastewater Treatment Plants for Toronto Water

Date: July 6, 2026

To: General Government Committee

From: General Manager, Toronto Water and Chief Procurement Officer

Wards: All

SUMMARY

Toronto Water is seeking City Council authority to enter a non-competitive contract with Kemira Water Solutions Canada Inc. (Kemira) for the supply and delivery of iron salts for a one (1) year period commencing on January 1, 2027 to December 31, 2027, with the option to extend the contract for up to four (4) additional separate one (1) year periods under the same terms and conditions at the sole discretion of the City and subject to budget approvals, for the total amount of \$43,484,155 net of all applicable taxes and charges (\$44,249,476 net of HST recoveries).

Iron salts are used for chemical phosphorus removal in all four of Toronto's wastewater plants. Phosphorus is a nutrient that, if not properly controlled, can contribute to excessive algae growth in water bodies, leading to environmental imbalance and degraded water quality. Toronto Water's operating permits specify the maximum amount of phosphorus that can be discharged to the lake, and these chemical supports compliance with these requirements.

Non-competitive procurements may be undertaken where both the proposed procurement and supplier can be justified in good faith based on an exception set out in Toronto Municipal Code Chapter 195, Procurement. This non-competitive procurement will be proceeding under the exception code related to Absence of Competition where the Supplier has specialized or technical knowledge, background and/or experience that cannot be acquired through the competitive process because they are unique to an individual or a firm, and, the competitive process will not be feasible in yielding results for the services required, the City has determined in good faith that both the proposed procurement and the selected supplier, along with the terms and conditions of the contract are beneficial to the City (Toronto Municipal Code, Chapter 195, Procurement, Section 7.1.B.)

City Council approval is required in accordance with Toronto Municipal Code, Chapter 195, Procurement, where the current request exceeds the Chief Procurement Officer's

authority of the cumulative five-year commitment under Article 7, Section 195-7.3 (D) of the Procurement By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per Toronto Municipal Code Chapter 71, Financial Control, Section 71-11.A.

RECOMMENDATIONS

The General Manager, Toronto Water, and the Chief Procurement Officer recommend that:

1. City Council authorize the General Manager, Toronto Water to negotiate and enter into a non-competitive contract with Kemira Water Solutions Canada Inc. for the supply and delivery of iron salts for Toronto Water Division on terms and conditions satisfactory to the General Manager, Toronto Water and in a form satisfactory to the City Solicitor, for a period from January 1, 2027 to December 31, 2027, with the option to extend the contract for up to four (4) separate one (1) year periods under the same terms and conditions at the sole discretion of the City and subject to budget approval(s), with the total estimated amount of \$43,484,155 net of all applicable taxes and charges (\$44,249,476 net of HST recoveries).

FINANCIAL IMPACT

The total potential contract values identified in this report are \$43,484,155, net of all taxes and charges (\$44,249,476 net of HST recoveries).

Funding for the initial term of contracts and for up to four (4) additional and separate one (1) year periods, should the option to renew be exercised will be included in 2027 - 2031 Operating Budget submissions for Toronto Water. Additional funding details are provided in Table 1:

Table 1: Financial Impact Summary of Recommended Contract (Net of HST Recoveries)

Cost Centre	Cost Element	Year		Initial Contract Period	Option Year Periods	Total
TW4100 TW4022 TW4080 TW4060	5050020	2027		\$8,334,591	\$0	\$8,334,591
		2028			\$8,584,629	\$8,584,629
		2029			\$8,842,168	\$8,842,168
		2030			\$9,107,433	\$9,107,433

Cost Centre	Cost Element	Year		Initial Contract Period	Option Year Periods	Total
		2031			\$9,380,656	\$9,380,656
	Total					\$44,249,476

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On December 29, 2025, the Chief Procurement Officer authorized the award of a contract to Kemira Water Solutions Canada Inc. for the supply and delivery of Iron Salts for the City of Toronto's Toronto Water Division, for a period of one (1) year from January 1, 2026, to December 31, 2026, issued under Solicitation [Request for Quotations Doc5349398029](#).

At its meeting held on December 17 and 18, 2024, City Council authorized the General Manager, Toronto Water to negotiate an extension to the existing blanket contract (47023307) with Kemira Water Solutions Canada Inc. for the supply and delivery of iron salts for the Toronto Water Division. The extension included the negotiated adjustment to the unit rate and covered the period from January 1, 2025, to December 31, 2025. [Agenda Item History: Item - 2024.IE18.14](#)

At its meeting held December 23, 2020, the Bid Award Panel awarded a contract to Kemira Water Solutions Canada Inc. for the supply and delivery of Iron Salts for the City of Toronto's Toronto Water Division, for a two (2) year period from date of award with an option to renew the contract by two (2) additional separate one (1) year periods. [Agenda Item History - 2020.BA115.6](#)

At its meeting held December 16, 2015, the Bid Committee awarded a contract to Kemira Water Solutions Canada Inc. for the supply and delivery of Iron Salts for the City of Toronto's Toronto Water Division, for a period of three (3) years from January 1, 2016 to December 31, 2018 date of award with an option to renew the contract by two (2) additional separate one (1) year periods. [Agenda Item History - 2015.BD61.3](#)

At its meeting held December 1, 2010, the Bid Committee awarded a contract to Kemira Water Solutions Canada Inc. for the supply and delivery of Iron Salts for the City of Toronto's Toronto Water Division, for a period of three (3) years from January 1, 2011 to December 31, 2013 date of award with an option to renew the contract by two (2) additional separate one (1) year periods. [Agenda Item History - 2011.BD1.1](#)

COMMENTS

Iron salts (Ferrous Chloride) are essential for phosphorus removal at municipal wastewater treatment plants. Phosphorus, if not controlled, can significantly increase algae growth in water bodies. To meet regulatory requirements set by the Ministry of Environment, Conservation, and Parks, the City's wastewater treatment plants must maintain a monthly average phosphorus concentration less than 1.0 mg per liter in the final effluent.

In 2025, Toronto Water completed a review aimed at identifying opportunities to enhance competitiveness in future solicitations and explore alternative chemicals, such as Ferric Sulphate or Ferric Chloride, which could potentially replace Toronto Water's use of Ferrous Chloride for all or specific applications. This review identified the following market conditions:

- Ferrous Chloride is a by-product of steel manufacturing and supply is vulnerable due to dependence on the steel industry production, chlorine and hydrochloric acid markets and transportation logistics.
- The supply market for iron salts in Ontario is highly concentrated, with limited competition and most neighbouring municipalities rely on similar iron-based chemicals.
- Ferrous Chloride remains the most economical and practical option for phosphorus removal

As a result of this review, Toronto Water implemented a revised procurement strategy that introduces plant-specific pricing schedules, with the objective of increasing market participation and securing more competitive pricing. Despite implementing a revised procurement strategy to increase competition, the 2025 competitive solicitation did not achieve a competitive outcome, as only one compliant bid was received. This result demonstrates an absence of competition in the market, supporting the use of a non-competitive procurement approach in accordance with the Procurement By-law.

Kemira Water Solutions Canada Inc. is the Canadian division of Kemira, a global chemical company specializing in water treatment for industrial and municipal sectors. With multiple production sites across the country, the company provides chemicals and technical expertise that enhance water quality, improve energy efficiency, and optimize raw-material use in water-intensive industries. Its products and support serve key sectors including pulp and paper, municipal and industrial water treatment, oil and gas, mining, and power generation.

Kemira has been the sole compliant supplier for Toronto Water's iron salt supply contracts since 2011. Considering the absence of competition, Toronto Water is seeking authority to enter negotiations with Kemira Water Solutions Canada Inc. for a contract term from January 1, 2027, to December 31, 2027, with the option to extend the agreement for up to four (4) additional one (1) year periods.

Toronto Water staff have confirmed that Kemira will maintain current pricing through 2027 and have determined the pricing to be fair and reasonable based on current market conditions. Toronto Water staff will continue to monitor market conditions

annually to ensure the best value for the City and to confirm the ongoing absence of meaningful market competition.

The Fair Wage Office has reported that all recommended suppliers have reviewed and understand the Fair Wage Policy and Labour Trades requirements, and each has agreed to comply fully.

CONTACT

William Fernandes, Deputy General Manager, Toronto Water, Telephone: 416-392-8220, Email: William.Fernandes@toronto.ca

Richard Noehammer, Director Capital Planning and Implementation, Toronto Water, Telephone: 416-397-7296, Email: Richard.Noehammer@toronto.ca

Marie Reid, Manager, Infrastructure and Development Services, Purchasing Client Services, Purchasing and Material Management, Telephone: 416-397-5187, Email: Marie.Reid@toronto.ca

SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

Geneviève Sharkey
Chief Procurement Officer