

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR SULFURIC ACID FOR ELECTRIC SERVICES

BACKGROUND:

This contract is for supplying sulfuric acid to the Power Plant from March 1, 2009 through February 28, 2010. Sulfuric Acid is used to adjust the Ph levels in the water in the cooling towers. The Power Plant would not be operational without it.

Bids for this material were received on January 23, 2009, as shown on the attached report. Bidders were allowed to indicate if there would be pricing escalation / de-escalation on a quarterly basis for the contract period. Only one bid was received with firm pricing. Staff feels the additional cost for firm price bids outweigh the risk of escalation during the contract period.

The Power Plant Manager has reviewed the bids and determined that the firm priced bid meets the needs of the Electric Services Department.

The approved FY 2008/09 operating budget includes \$60,000 for this chemical, with \$21,468.07 remaining unspent. The proposed FY 2009/10 operating budget includes \$63,000 for this chemical. Additional funds for FY 2008/09 will come from savings on water treatment chemicals not required by the Power Plant due to forced outages of Units #7 and #8. The budget will be amended by the Electric Services Department at the appropriate time.

ALTERNATIVES:

1. Award a contract for the purchase of sulfuric acid to the firm price bidder, Univar USA, Omaha, Nebraska, for the period from March 1, 2009, through February 28, 2010, based on the unit price of \$260.00 per ton for a total estimated cost of \$93,600 plus applicable sales taxes.
2. Reject all bids and purchase sulfuric acid on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

It is essential to receive sulfuric acid for the Power Plant at the lowest possible cost consistent with the quality required to maintain plant operations. It is also necessary to lock in prices and accountability with key contractors. By choosing alternative No. 1, the City would be able to achieve these goals.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding a contract to Univar USA, Omaha, Nebraska, for Sulfuric Acid for the period from March 1, 2009, through February 28, 2010, based on the unit price of \$260.00 per ton for a total estimated cost of \$93,600 plus applicable sales taxes.



INVITATION TO BID NO. 2009-103

January 23, 2009

Bidder	Group One Unit price, 360 tons, Sulfuric Acid 66 degrees BE	Subtotal	Maximum Escallation Indicated	Total Evaluated Cost	Notes
DPC Industries, Omaha, NE	\$243.8000	\$87,768.00	\$50.00 per quarter	\$114,768.00	Prices to adjust every 90 days
Univar USA, Omaha, NE	\$260.0000	\$93,600.00		\$93,600.00	Prices firm
Hawkins Water Treatment Group, Slater, IA	\$270.0000	\$97,200.00	none indicated	unable to caluclate	No maximum / minimum escallation indicated