

## COUNCIL ACTION FORM

**SUBJECT: RENEWAL OF CONTRACT FOR POWER PLANT CHEMICAL  
TREATMENT SERVICES AND SUPPLIES FOR FY 2011/2012**

**BACKGROUND:**

This contract is for the chemicals and services used in the chemical treatment of the boilers, cooling tower, coal yard, and ash ponds at the Power Plant. The scope of work includes supplying a range of chemicals, technical expertise in boiler chemistry and analysis, the ability to train Power Plant staff in maintaining the system, and detailed monitoring and analysis of the boilers to insure they are safeguarded against damage. All of this is essential for the operation of the Power Plant.

On June 23, 2009, City Council awarded a contract to ChemTreat, Inc., Glen Allen, VA, for chemical treatment services and supplies as requested from July 1, 2009, through June 30, 2010. This contract was in an amount not-to-exceed \$250,000. Included in the original response were terms for five optional twelve-month renewal periods.

ChemTreat has provided the City with excellent service this past year, and Electric Services staff recommends renewing the agreement for FY 2011/2012. The FY 2011/2012 operating budget for Electric Production includes \$206,000 for the chemicals and services to be supplied under this contract. Payments would be calculated on unit prices bid for chemicals and services actually delivered and accepted by the Power Plant. Council should note that this is the second renewal out of five maximum.

The FY 2011/2012 contract renewal with ChemTreat, Inc., includes nine chemicals that will have price increases. The estimated increase is based upon average annual use of all the chemicals and services in the contract. It is expected that the increase will be approximately 6.5%, which equates to \$12,946.61. ChemTreat blends the vast majority of the chemicals used in our Plant in its facilities, allowing for very specialized adjustments to be made to the chemicals to meet our specific needs. Raw material prices however, are escalating. The Electric Services staff reviewed the proposed increases and found them acceptable based on the market.

**ALTERNATIVES:**

1. Approve the contract renewal with ChemTreat, Inc., Glen Allen, VA, for the boiler and cooling tower water treatment services, for the one-year period from July 1, 2011, through June 30, 2012. Actual payments will be calculated on unit prices bid for chemicals and services actually delivered and accepted by the Power Plant in an amount not to exceed \$206,000.
2. Do not renew the agreement and instruct staff to seek new competitive proposals.

**MANAGER'S RECOMMENDED ACTION:**

It is essential for the Power Plant to receive chemicals and related treatment services at the lowest possible cost consistent with the quality required to maintain Plant operations. It is also vital to lock in prices and accountability with key contractors. By choosing alternative No. 1, the Plant will be able to continue achieving these goals.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving the contract renewal with ChemTreat, Inc., Glen Allen, VA, for the boiler and cooling tower water treatment services, for the one-year period from July 1, 2011, through June 30, 2012. Actual payments will be calculated on unit prices bid for chemicals and services actually delivered and accepted by the Power Plant in an amount not to exceed \$206,000.

**Proposed Chemical Pricing for City of Ames, Iowa Power Plant for Contract Year July 1, 2011 through June 30, 2012**

	<b>ChemTreat Product Name</b>	<b>Current ChemTreat \$ / Pound</b>	<b>Proposed ChemTreat \$ / Pound</b>	<b>Estimated increase based upon average annual use for new contract year</b>
<b>Boiler Function</b>				
Neutralizing Amine	BL-1513	\$ 1.83	\$ 1.98	0
Oxygen Scavenger	BL-1260	\$ 2.20	\$ 2.38	0
TriSodium Phosphate	B-145	\$ 3.90	\$ 4.21	0
MonoSodium Phosphate	B-144	\$ 5.50	\$ 5.94	\$ 88.00
Internal Dispersant	BL-1354	\$ 1.30	\$ 1.50	\$ 112.80
DiSodium Phosphate	B-142	\$ 5.90	\$ 6.37	0
<b>Tower Function</b>				
Iron & Manganese Dispersant	CL-4075	\$ 2.54	\$ 2.69	\$ 5,250.90
Deposit Control Polymer	CL-4428	\$ 1.30	\$ 1.40	\$ 5,371.80
Bio-Dispersant	CL-450	\$ 1.25	\$ 1.35	\$ 1,007.00
Azole for Yellow Metals	CL-4121	\$ 2.30	\$ 2.48	\$ 555.12
<b>Hospital Evaporator</b>				
Neutralizing Amine	BL-1513	\$ 1.83	\$ 1.98	0
Oxygen Scavenger	BL-1258	\$ 1.29	\$ 1.39	0
Boiler AntiFoam	BL-197	\$ 2.34	\$ 2.53	0
Phosphate / Sludge Dispersant	BL-1770	\$ 1.48	\$ 1.60	0
<b>Coal / Ash Treatment</b>				
Calcium Dispersant - Ash Treatment	CL-4355	\$ 0.66	\$ 0.71	\$ 491.30
Ash Flocculation - Ash Treatment	P-835E	\$ 2.64	\$ 2.85	\$ 10.29
Coal Dust Suppression	CT-9070	\$ 1.29	\$ 1.39	0
<b>RO Pretreatment</b>				
RO Dechlorination Pretreatment	RL-124	\$ 0.92	\$ 0.99	0
RO Antiscalant	CT-9005	\$ 2.37	\$ 2.56	0
<b>Cooling Water (Closed Loop)</b>	CL-2871	\$ 2.79	\$ 3.01	\$ 59.40
<b>Dechlorination of Tower Blowdown</b>	RL-124	\$ 0.92	\$ 0.99	0

**OVERALL ESTIMATED PRICE INCREASE EFFECT ON ENTIRE PRODUCT LINE IS 6.5%**