

COUNCIL ACTION FORM

SUBJECT: WATER TREATMENT PLANT PEBBLE LIME

BACKGROUND:

Pebble lime is used in the water treatment process to remove water hardness. Almost 3,000 tons are used annually, and it is the largest chemical cost for the Water Plant. The contract for pebble lime is renewed each fiscal year. On May 10, 2011, bids were received for the upcoming fiscal year. The six bids were as follows:

BIDDER	July 1, 2011 - June 30, 2012		Optional Extension 7/1/12-6/30/13	
	Price Per Ton	Estimated Total Cost	Price Per Ton	Estimated Total Cost
Linwood Mining & Minerals Corp., Davenport, IA	\$120.00	\$348,600	No bid	
Western Lime Corporation West Bend, WI	\$133.00	\$385,700	\$138.00	\$400,200
Mississippi Lime Company St. Louis, MO	\$176.70	\$512,430	No bid	
Graymont (WI) LLC Superior, WI	\$195.00	\$565,500	No bid	
Carmeuse Lime, Inc. Pittsburgh, PA	\$200.40	\$581,160	No bid	
Chemical Lime Company Ste. Genevieve, MO	\$219.34	\$636,086	No bid	

Approximately 10 years ago, the Water Plant contracted with Linwood Mining & Minerals, which is the apparent low bidder in the above table. At that time the quality of lime was inconsistent, and the lime frequently would contain an unacceptable amount of metallic debris. The purity of the lime was low, which required a larger amount of lime to be purchased to make up for the impurities. This meant our lime costs were higher than they should have been. It also increased the amount of staff time required to manage the lime system in the Water Plant. The quality of lime was so poor that the contract had to be canceled.

For a number of years more recently, the Water Plant has contracted with Western Lime Corporation. They have been a reliable supplier, and the quality and consistency of their product has been good. **While Western Lime was the second-lowest bidder, staff feels it is in the utility's best interest to continue contracting with Western Lime Corporation.** In addition to the overall good service and product, Western Lime is the only bidder who provided an optional extension for a second year. Both their first- and second-year prices are within our current budgeted amount of \$140 per ton.

The total estimated cost in the table above is for an estimated quantity of 2,900 tons per 12-month period. Actual usage will depend on water quality and consumption. The 2011/12 operating budget includes \$406,000 for lime.

ALTERNATIVES:

1. Award a contract for the purchase of pebble lime to Western Lime Corporation of West Bend, Wisconsin. The contract provides lime at \$133.00 per ton in FY 2011/12, and has an optional one-year extension at \$138.00 per ton.
2. Award a one-year contract for the purchase of pebble lime in FY 2011/12 to Linwood Mining & Minerals Corp. of Davenport, Iowa in the amount of \$120.00 per ton.
3. Reject all bids and attempt to obtain the required services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

Acquiring an adequate supply of quality pebble lime is essential for the water softening process at the Water Treatment Plant, and Western Lime Corporation has demonstrated the ability to dependably provide this product at a competitive rate. Their bid also includes an optional second year extension of this contract.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding a contract for the purchase of lime to Western Lime Corporation of West Bend, Wisconsin. The contract provides lime at \$133.00 per ton in FY 2011/12 and the optional one-year extension at \$138.00 per ton.