

COUNCIL ACTION FORM

**SUBJECT: POWER PLANT CHEMICAL TREATMENT SERVICES AND SUPPLIES
CONTRACT RENEWAL**

BACKGROUND:

This contract is for the chemicals and services used in the 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 ensure 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 for FY 2009/10. That contract was in an amount not-to-exceed \$250,000. Included in the original contract were terms for five optional twelve-month renewal periods.

The FY 2013/14 operating budget for Electric Production includes \$224,000 for the chemicals and services to be supplied under this contract. **Payments will be calculated on unit prices proposed for chemicals and services actually delivered and accepted by the Power Plant.** Council should note that this is the fourth renewal out of five maximum.

The FY 2013/14 contract renewal with ChemTreat, Inc., includes fifteen chemicals that will have unit price increases. It is expected that the overall impact of these increases will be approximately 3.89%, which equates to \$9,073.

ChemTreat blends the vast majority of the chemicals used in our Plant, allowing for very specialized adjustments to be made to the chemicals to meet our specific needs. Some of the raw material prices are escalating. Electric Services staff reviewed the proposed increases and found them to be acceptable based on comparable market prices.

ALTERNATIVES:

1. Approve the contract renewal with ChemTreat, Inc., Glen Allen, VA, for chemical treatment services and supplies for the one-year period from July 1, 2013, through June 30, 2014. Actual payments will be calculated on unit prices proposed for chemicals and services actually delivered and accepted by the Power Plant in an amount not to exceed \$224,000 for FY 2013/2014.
2. Do not renew the agreement and instruct staff to seek new competitive proposals.

MANAGER'S RECOMMENDED ACTION:

It is essential that the Power Plant receive chemicals and related treatment services at the lowest possible cost consistent with the quality required to maintain Plant operations. It is also important to lock in prices and accountability with key contractors. By choosing Alternative No. 1, the Plant will be able to continue achieving these goals. ChemTreat has provided the City with excellent service this past year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

Proposed Chemical Pricing for City of Ames, Iowa Power Plant for Contract Year July 1, 2013 through June 30, 2014

	ChemTreat Product Name	Current ChemTreat \$ / Pound	Proposed ChemTreat \$ / Pound	Estimated increase based upon average annual usage and current inventory for new contract year		
				Based upon 2011-2012 usage	Based upon 2010-2011 usage	
Boiler Function						
Neutralizing Amine	BL-1513	\$ 2.48	\$ 2.60		0	
Oxygen Scavenger	BL-1260	\$ 2.88	\$ 3.05		0	
TriSodium Phosphate	B-145	\$ 4.84	\$ 4.84		0	
MonoSodium Phosphate	B-144	\$ 6.24	\$ 6.61	\$ 74.00	\$	74.00
Internal Dispersant	BL-1354	\$ 1.72	\$ 1.82	\$ 114.00	\$	114.00
DiSodium Phosphate	B-142	\$ 6.95	\$ 7.78		0	
Tower Function						
Iron & Manganese Dispersant	CL-4075	\$ 2.69	\$ 2.79	\$ 3,141.50	\$	2,053.20
Deposit Control Polymer	CL-4428	\$ 1.54	\$ 1.63	\$ 4,062.24	\$	3,539.16
Bio-Dispersant	CL-450	\$ 1.60	\$ 1.68	\$ 874.56	\$	740.24
Azole for Yellow Metals	CL-4126	\$ 3.64	\$ 3.64	\$ -		
Coal / Ash Treatment						
Calcium Dispersant - Ash Treatment	CL-4355	\$ 0.81	\$ 0.86	\$ 689.10	\$	737.40
Ash Flocculation - Ash Treatment	P-835E	\$ 3.33	\$ 3.51	\$ 15.12	\$	15.12
Coal Dust Suppression	CT-9040	\$ 2.70	\$ 2.82			
RO Pretreatment						
RO Dechlorination Pretreatment	RL-124	\$ 1.05	\$ 1.11		0	
RO Antiscalant	CT-9005	\$ 2.71	\$ 2.80		0	
Cooling Water (Closed Loop)	CL-2871	\$ 3.19	\$ 3.38	\$ 102.22	\$	102.22
Dechlorination of Tower Blowdown	RL-124	\$ 1.05	\$ 1.11		0	
				\$ 9,072.74	\$	7,375.34