

COUNCIL ACTION FORM

SUBJECT: CHEMICAL TREATMENT PROGRAM FOR POWER PLANT CONTRACT RENEWAL

BACKGROUND:

This contract is for the chemicals and services for chemical treatment of the boilers, cooling tower, and ash ponds at the Power Plant. The scope of work includes supplying a range of chemicals, technical expertise in boiler chemistry and analysis, training of Power Plant staff in maintaining the system, and detailed monitoring and analysis of the boilers to ensure they are safeguarded against damage.

On May 26, 2015, City Council awarded a contract to ChemTreat, Inc., of Glen Allen, VA, for Chemical Treatment Program for Power Plant for FY 2015/16. The services in this program were to be furnished as requested from July 1, 2015, through June 30, 2016, in an amount not-to-exceed \$125,000. Payments are based on unit prices bid and actual quantities received. The first year of the contract was much smaller than typical years because the plant was going through fuel conversion and chemical usage was greatly decreased.

This contract included the option for the City to renew in one-year increments for up to four additional years. The contract was renewed in FY 2016/17 in the amount of \$266,000, FY 2017/18 in the amount of \$274,000 and FY2018/19 in the amount of \$282,000.

FY 2019/20 would be the fourth and final renewal for this contract. The proposed FY 2019/20 contract renewal with ChemTreat, Inc. includes unit price increases on the majority of chemicals supplied under this contract due to increases in raw material prices. There is a 3.8% increase on the chemicals utilized at the boiler and 3.5% increase on the chemicals utilized everywhere else. **It is expected that the overall impact of these increases will result in paying \$7,626.08 more than the previous contract term.** Electric Services staff reviewed the proposed increases and found them to be acceptable based on comparable market prices **and considering the quality of service provided by this contractor during the past four years of the contract period.**

The FY 2019/20 operating budget for Electric Production includes \$290,500 for the materials to be purchased under this contract. **Payments will be based on unit prices bid and the chemicals and services actually delivered by the contractor and accepted by the Power Plant.**

ALTERNATIVES:

1. Approve the contract renewal with ChemTreat, Inc., Glen Allen, VA, for the FY 2019/2020 Chemical Treatment Program for Power Plant in an amount not-to-exceed \$290,500.
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 Power Plant operations. It is also important to lock in prices and accountability with key contractors. ChemTreat has provided the City with excellent service while they have held this contract the past four years.

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