

**COUNCIL ACTION FORM**

**SUBJECT: BOTTLE EXCHANGE PROGRAM (RENTAL), TWO BED DEMINERALIZER, AND RELATED SERVICES FOR POWER PLANT CONTRACT RENEWAL**

**BACKGROUND:**

Electric Services uses demineralized water for operations at the Power Plant and combustion turbine site. Operating demineralizing equipment requires bottled gases and chemicals to purify substantial quantities of water.

This contract consists of providing a bottle exchange service for a two-bed demineralizer, strong acid cation and a strong base anion, and a bottle exchange mix-bed demineralizer. In addition, this contract requires a mobile purification system to batch-fill a 265,000-gallon de-ionized water tank for water injection at the combustion turbine site, as well as a final mixed-bed polisher for that unit. The contractor must provide this service on a 24-hour per day, seven day per week schedule, including holidays.

A contract was originally awarded to MPW Industrial Water Services, Inc. for FY 2018/19 in an amount not to exceed \$45,000. In accordance with Purchasing Policies, the original contract was approved by the City Manager since it was for a value less than \$50,000. This contract has the option for the City to renew in one-year increments for up to four additional years. The period from July 1, 2021 through June 30, 2022, is the third of the four renewal periods subject to Council approval of funding.

**For the renewal that occurred for FY 2020/21 (the current year), the contract amount not-to-exceed was increased to \$52,000. This increase was necessary due to increased demands for water purification services in that year. However, increasing the contract amount above the \$50,000 threshold in FY 2020/21 necessitated the need to bring the contract to the City Council for approval. Since the contract has been approved by the City Council in the past, future contract renewals, no matter the amount, must also be approved by City Council.**

**The contract allows MPW the option to increase its prices by up to 3% per year. However, the company has proposed no price increases for the FY 2021/22 renewal period.** The benefits of having a contract for these services in place include the following:

- 1) Consistency of products and quality from a single contractor
- 2) Reduction in the City's exposure to market forces regarding prices and availability
- 3) Rapid contractor response to emergencies
- 4) Saved City staff time obtaining and evaluating proposals, and in preparing

technical requirements and other procurement documentation

The approved FY 2021/22 operating budget for Electric Production includes \$45,000 for these products and services. Staff believes the demand for these services will be lower than in FY 2020/21. Invoices will be based on contract rates for materials and services actually received.

**ALTERNATIVES:**

1. Approve contract renewal with MPW Industrial Water Services, Inc., Hebron, Ohio, for the Bottle Exchange Program (Rental), Two Bed Demineralizer and Related Services for Power Plant for the one-year period from July 1, 2021 through June 30, 2022 for unit prices bid, in an amount not to exceed \$45,000.
2. Reject the renewal option and instruct staff to seek new competitive bids for Demineralizer and Related Services for Power Plant.

**CITY MANAGER'S RECOMMENDED ACTION:**

These materials and services are necessary to properly maintain and operate Power Plant equipment. This contract would establish rates for services and materials and provide for guaranteed availability, thereby setting in place known rates for service and controlling the Plant's costs. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.