

**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, 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 protected from damage. All of this is essential for the operation of the Power Plant.

On April 29, 2020, Council awarded a contract to ChemTreat, Inc., Glen Allen, VA, for the Chemical Treatment Program for the Power Plant. This contract included the option for the City to renew in one-year increments for up to four additional years. **The period from July 1, 2022 through June 30, 2023, is the second of the four renewal periods subject to Council approval of funding for the chemical treatment program.**

The proposed FY 2022/23 contract renewal with ChemTreat, Inc. includes cost increases for the majority of chemicals supplied under this contract. The proposed increase is based on two factors:

1. The overall increase in the amount of chemical the Power Plant will use due to increased operating hours on the larger Unit 8 instead of Unit 7.
2. The increase in price per pound of chemicals resulting from difficulty obtaining supplies.

**It is estimated that the overall impact of the proposed price changes to the chemicals will result in an increase of \$77,203 more than the current fiscal year contract, or a total of \$402,203. 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 year of the contract period.**

The approved FY 2022/23 Electric Production operating budget includes \$335,000, as compared to \$325,000 in FY 2021/22 for the chemicals 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. Staff will make every effort to keep the chemical purchase cost within the FY 2022/23 budgeted amount of \$335,000.**

**ALTERNATIVES:**

1. Approve the contract renewal with ChemTreat, Inc., Glen Allen, VA, for Chemical Treatment Program for the one-year period from July 1, 2022 through June 30, 2023 in an amount not-to-exceed \$335,000.
2. Reject the renewal option and instruct staff to seek new competitive bids.

**CITY MANAGER'S RECOMMENDED ACTION:**

The chemicals and services received under this contract are critical to optimal operation of the Power Plant. Competent treatment of the water in the boiler and cooling tower systems is essential to keeping the Plant in top operating condition.

It is essential to receive chemicals and related treatment services for the Power Plant at the lowest possible cost consistent with the quality required to maintain Plant operations. It is also necessary to lock in prices and accountability with key contractors.

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