

ITEM #:	<u>21</u>
DATE:	<u>04-23-24</u>
DEPT:	<u>ELEC</u>

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 towers, 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, 2024 through June 30, 2025, is the fourth of the four renewal periods subject to Council approval of funding for the chemical treatment program.

The proposed FY 2024/25 contract renewal with ChemTreat, Inc. includes cost increases for only two of the eleven chemicals used. Based on overall usage of the chemicals and run time of the equipment, this increase is less than one percent. Electric Services staff found the proposed increases to be acceptable.

The approved FY 2024/25 Electric Production operating budget includes \$376,000, as compared to \$360,000 in FY 2023/24 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 2024/25 budgeted amount of \$376,000

ALTERNATIVES:

1. Approve the contract renewal with ChemTreat, Inc., Glen Allen, VA, for Chemical Treatment Program for the one-year period from July 1, 2024 through June 30, 2025 in an amount not-to-exceed \$376,000.
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 important 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.