



Meeting Date: June 6, 2016

Consent Docket Item: 2-e

Report No.: SUA-16-28

Department: Water Resources

Subject: Contract Extension for Supply of Lime (Calcium Oxide) at the Water Treatment Plant

Budget Impact: The FY16/17 Water Treatment Division budget contains \$400,000 for the purchase of water treatment chemicals. This Item requires no new appropriation or budget amendment.

Prior Council Action or Part of an Approved Project: Yes

Related Items: Bid Recommendation for Water Treatment Plant Chemicals

[SUA-15-49](#)

Alternatives: The supply and delivery of lime to the Stillwater Water Treatment Plant is a requirement for meeting safe drinking water standards. The alternatives include:

- Accept the FY15/16 bid price of \$182 per ton which is about \$60 (25%) less than the next highest bidder in FY15/16.
- Re-bid delivery of lime supply, which may result in an increase in cost. Last year's increase from FY14/15 was \$5. If the same trend continues, this year's low bid price may be \$187 per ton.

Recommendation: It is recommended that the Trustees authorize staff to sign the extension letter agreement to extend the lime supply contract of FY15/16 through FY16/17 at \$182 per ton.

Prepared by: Water Resources Department

Background Information: US Lime Company – St. Clair (US Lime) has been providing lime supply for the City of Stillwater for many years. This year, US Lime contacted Water Resources staff with the opportunity to extend the lime supply contract for a year at the same price offered during the FY15/16 term.

In considering the option to extend, staff evaluated past chemical bids. These bids include:

- In FY11/12, Mississippi Lime and US Lime bid lime supply at \$215.07 and \$162 per ton, respectively.
- In FY12/13, Mississippi Lime and US Lime bid lime supply at \$220.91 and \$167 per ton, respectively.

- In FY13/14, Mississippi Lime and US Lime bid lime supply at \$226.42 and \$172 per ton, respectively.
- In FY14/15, only one supplier, US Lime, bid lime supply at \$177 per ton.
- In FY15/16, Mississippi Lime and US Lime bid for lime supply at \$242.50 and \$182, respectively.

Since at least FY11/12, the annual increase to the City for lime supply has been \$5 per ton. Most years, US Lime's low bid has been about 25% less than the next higher bid rate.

By extending the existing lime supply contract for a year, City staff estimates potential savings of \$5 per ton. The anticipated lime usage this year is about 800 tons, which results in a savings of \$4,000.

The extension agreement is in a letter format citing the original contract and the terms of the extension.

Attachment: Contract Extension Letter