



Legislation Text

File #: 2017-445, **Version:** 1

RFB 1097 High Calcium Lime Material

Agenda of: November 29, 2017

Item No.: **2017-445**

Amount: \$2,922,660.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: November 6, 2017

RE: **RFB 1097 High Calcium Lime Material - Carmeuse Lime, Inc.**

MOTION

Upon recommendation of Suzanne Coffey, the Interim Chief Operating Officer of the Water Resource Recovery Facility (WRRF), the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) **to enter into an Agreement for High Calcium Lime Material with Carmeuse Lime, Inc. at a cost not to exceed \$2,922,660.00 for three years with two one-year renewal options at \$974,220.00 per year for a total of \$4,871,100.00;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Proper handling and disposal of biosolids is an important component of compliance with GLWA's NPDES Permit. WRRF operations prioritizes biosolids disposal as follows: 1) use of the biosolids dryer facility for the production of fertilizer pellets, 2) incineration of solids utilizing onsite incinerators and 3) landfilling or land application using the Central

Offloading Facility (COF). All biosolids processed through the COF are stabilized using high calcium lime which also provides for odor control. This agreement will provide the high calcium lime needed for WRRF operations.

JUSTIFICATION

Procurement Method

The Procurement Group, Supply Chain Operations Team, competitively bid this project to obtain the lowest responsive and responsible vendor.

Advertised: August 10, 2017

On MITN - Request for Bid (RFB) 1097

Distributed to: 122 vendors

Downloaded bid documents: 17 vendors

Response due date: August 31, 2017

Responses received: Two (2) vendors submitted bids

Evaluation Method: Request for Bid (RFB) - Lowest responsive and responsible bid tabulation.

Vendor (Lowest to Highest)

Cost

Carmeuse Lime, Inc.

\$162.37 per ton

Lhoist North America

\$286.25 per ton

The price is firm for the term of the agreement.

Litigation

This vendor is not currently nor has been previously involved in any litigation with GLWA.

Financials

A financial risk assessment was performed by Supply Chain Operations via Dun & Bradstreet. It was determined that the selected vendor has the financial capacity to perform the tasks under this contract. This information is available for the Board of Directors to review upon request.

Project Estimate

It is estimated that the facility will use 6,000 tons of lime per year for this agreement. The yearly projection for this agreement is \$974,220.00 (estimate of 6,000 tons at \$162.37/ton), totaling \$4,871,100.00 for five years. The expected start date is December 1, 2017 through November 30, 2020, with two one-year renewal options available to GLWA.

BUDGET IMPACT

High Calcium Lime is budgeted in the Incineration Cost Center under Operating Supplies - Chemicals (5960-89226.000-621600-SD9160). The table below represents the financial plan for the next six years.

Chemical	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
High Calcium Lime	\$915,000	\$974,220	\$974,220	\$1,047,290	\$1,071,640	\$1,071,640

The budget is based on an estimated 100,000 tons of material processed to landfill through the Central Offloading Facility at the Water Resource Recovery Facility.

This annual procurement of High Calcium Lime as presented is within the financial plan.

SAVINGS, COST OPTIMIZATION, AND REVENUE ENHANCEMENT IMPACT

The previous agreement negotiated in 2013 by the City of Detroit Water and Sewerage Department (DWSD) was a two-year agreement with two - one year options with automatic price increases (5% each year) in the two option years.

Contract Year	Contract Price Per Ton	Negotiated Price Per Ton	Difference
2013-2014	\$145.60	n/a	n/a
2014-2015	\$145.60	n/a	n/a
2015-2016	\$152.88	\$145.60	(\$7.20)
2016-2017	\$160.52	\$147.51	(\$13.01)

Procurement negotiated the final price paid under the previous agreement to \$147.51 and not \$160.52 per ton, only a 1.3% increase over the initial price in 2013.

The price was based on 39,360 tons per year. The new agreement has reduced the tonnage to 6,000 per year due to biosolids dryer coming on line as well as more efficient incinerator operations. An annual reduction of 85%. The new price of \$162.37 per ton is fixed for the term of the agreement including option years and is only 1.01% higher than what GLWA would have paid (\$160.52) under the previous agreement if the previous agreement was left un-negotiated.

COMMITTEE REVIEW

This matter was reviewed by the Operations and Resources Committee at its meeting on November 8, 2017. The Operations and Resources Committee unanimously recommended that the GLWA

Board adopt the resolution as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.