

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: December 14, 2011

Board Item: V-E-2

## Tabulation of Bids for Liquid Aluminum Sulfate

Action by Consent

Action

Information

Liquid aluminum sulfate ("alum") is the primary coagulant used in the water treatment process. Currently Denver Water has a contract to purchase alum from General Chemical Performance Products, LLC ("General Chemical") that is set to expire December 31, 2012. General Chemical is a single-source supplier, as it is the only alum producer within a 500-mile radius of Denver, Colorado.

Denver Water issued prequalification applications to 16 companies that currently produce and supply alum in the United States. Five of those companies submitted applications and after review were issued a Request for Proposal ("RFP"). Denver Water received a total of four proposals; three of which were submitted by companies that would be required to build a local production facility. The proposal with the lowest price and level of risk was submitted by General Chemical.

The contract allows for quarterly cost-based price adjustments that are tied to third-party indexes to account for fluctuations in the supplier's raw material costs. It also allows for annual price adjustments based on the U.S. Producer Price Index for finished goods to account for changes in the supplier's overhead. General Chemical has proposed to provide alum beginning in 2013 at a price of \$205 per ton that will be adjusted per the cost indexing formulae. The 2012 cost of alum will be \$355 per ton. It is estimated that by going out to bid for this contract, Denver Water could potentially save \$5,625,000 over the term of the new five year contract.

Funds for alum are budgeted in the MPCs 4CB002, 4CB003, 4CB004, and 4BB001.

### Recommendation:

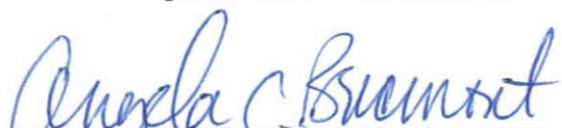
It is recommended that the Board authorize award of Contract No. 13792A to General Chemical for a total contract amount not to exceed \$8,000,000 for the contract period January 1, 2013 through December 31, 2017.

### **Approvals:**

Respectfully submitted,

  
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Thomas J. Roode  
Director of Operations and Maintenance

  
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James S. Lochhead  
CEO/Manager

  
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Angela C. Bricmont  
Director of Finance