

COUNCIL ACTION FORM

SUBJECT: RENEWAL OF CONTRACT TO FURNISH GASES AND CYLINDERS TO POWER PLANT FOR 2021

BACKGROUND:

This is a renewal of a contract for the purchase of gases and cylinders when needed at the City's Power Plant. The gases required for Power Plant operations include hydrogen, nitrogen, carbon dioxide, and commercial methane.

This contract is to furnish gases and cylinders for the Power Plant for the period from January 1, 2021 through December 31, 2021. **The average increase in gas costs for this renewal is approximately 4%.** The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms. This would be the first out of the four maximum renewals.

The benefits of having a contract for these services in place include the following:

- 1) Consistency of work and quality from a single contractor
- 2) Reduction in the City's exposure to market forces regarding prices and availability for gases
- 3) Rapid contractor mobilization when gas is needed in emergency situations, thus reducing generation downtime
- 4) City staff time saving in obtaining quotes, evaluating bids, and preparing specifications and other procurement documentation.

Council should note that actual cost invoices will be based on the amount of gases and cylinders purchased. The approved FY 2020/21 and Requested FY 2021/22 operating budget each include \$32,000 this purchase.

ALTERNATIVES:

1. Approve the first renewal of the contract for supplying gases and cylinders to the Power Plant to Airgas USA, LLC with a total amount not-to-exceed \$32,000.
2. Decline to renew the contract and purchase gases and cylinders on an as-needed basis.

CITY MANAGER'S RECOMMENDED ACTION:

This contract offers the City flexibility in purchasing gases and cylinders and will maintain standards of performance for gas and cylinder content and delivery. Detailed

ordering and delivery procedures are part of this contract. The renewal costs are favorable compared to purchasing gases and cylinders on an as-needed basis.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.

Pricing Sheet for 2020-042 (Renewal #1 2021)
 Furnishing Gases and Cylinders to the City of Ames

Description	Cylinder Capacity (Cubic Feet, except where noted)	Minimum Inventory of Cylinders at Power Plant	Estimated Annual Gas Usage (Cubic Feet, except where noted)	Gas Purchase Price (Cubic Feet, except where noted)	Pricing for 2021	Cylinder Lease Price (unit price per cylinder)	Total	Pricing per cylinder
Hydrogen, 99.95% pure, commercial quality. CGA 350.	215	56	340,345	\$0.038	\$0.036	\$28.00	\$13,606.12	\$7.64
Nitrogen, 99.98% pure, commercial quality. To be available in cylinders of approximately 304 cubic feet and 152 cubic feet each, CGA 580 .	304	2	2,432	\$0.028	\$0.028	\$0.00	\$68.00	\$8.50
Carbon dioxide, 99.95% pure, commercial quality, CGA 320. (Quantities in pounds)	75	24	9,000	\$0.146	\$0.149	\$0.00	\$1,342.80	\$11.19
Commercial Methane, 99.5% pure, commercial quality, CGA 350.	360	10	17,280	\$0.347	\$0.358	\$0.00	\$6,180.00	\$128.75
EPA Protocol 1 Specialty gas cylinders E03NI99E15A07C0 Must include Certificate of Analysis and meet all EPA specifications. Contents: 5.5 PPM Sulfur Dioxide 55 PPM Nitric Oxide Balance Nitrogen	144	1	144	\$3.750	\$3.750	\$0.00	\$540.00	\$540.00
EPA Protocol 1 Specialty gas cylinders E04NI81E15A0058 Must include Certificate of Analysis and meet all EPA specifications. Contents: 360 PPM Sulfur Dioxide 450 PPM Nitric Oxide 18% Carbon Dioxide Balance Nitrogen	154	1	154	\$4.042	\$3.506	\$0.00	\$540.00	\$540.00
EPA Protocol 1 Specialty gas cylinders E04NI88E15A0018 Must include Certificate of Analysis and meet all EPA specifications. Contents: 55 PPM Nitric Oxide 55 PPM Sulfur Dioxide 11% Carbon Dioxide Balance Nitrogen	150	2	300	\$3.487	\$4.150	\$56.00	\$1,357.00	\$622.50
EPA Protocol 1 Specialty gas cylinders E04NI88E15A0015 Must include Certificate of Analysis and meet all EPA specifications. Contents: 220 PPM Sulfur Dioxide 275 PPM Nitric Oxide 11% Carbon Dioxide Balance Nitrogen	150	1	150	\$2.736	\$3.487	\$0.00	\$523.05	\$523.05
EPA Protocol 1 Specialty gas cylinders E03NI99E15A07C1	145	1	145	\$2.820	\$2.830	\$0.00	\$410.34	\$410.34
EPA Protocol 1 Specialty gas cylinders E03NI99E15A07C1 Must include Certificate of Analysis and meet all EPA specifications.	145	2	290	\$2.820	\$2.917	\$56.00	\$958.00	\$423.00
Acetylene	130	4	3,120	\$0.252	\$0.330	\$0.00	\$1,028.16	\$42.84
Acetylene (City owns 3 cylinders)	10	3	120	\$0.606	\$1.581	\$18.00	\$189.72	\$15.81
Acetylene	40	1	120	\$0.329	\$0.281	\$0.00	\$33.66	\$11.22
Oxygen (City owns 3 cylinders)	20	3	400	\$0.203	\$0.213	\$18.00	\$85.20	\$4.26
Oxygen	251	4	9,036	\$0.023	\$0.023	\$0.00	\$203.40	\$5.65
75% argon / 25% CO2.	376	4	1,504	\$0.062	\$0.065	\$0.00	\$97.92	\$24.48
100% argon	336	1	4,704	\$0.063	\$0.066	\$0.00	\$311.22	\$22.23
Nit-Co 800PPM	144	2	288	\$1.808	\$1.808	\$0.00	\$520.82	\$260.41
Nit-Oxy	215	2	430	\$1.085	\$1.211	\$0.00	\$520.82	\$260.41
Helium -Argon	336	2	672	\$0.106	\$1.148	\$0.00	\$771.28	\$385.64
Contractor maintains minimum of ten (10) extra hydrogen filled cylinders at their local branch (total based on 10 cylinders)						\$0.00	\$0.00	
Monthly fees for cylinder rentals. Fees for overages associated with cylinder counts exceeding the contract terms will be assessed at the rate per cylinder, per month, for those cylinders in excess, as counted on the last day of each month						\$0.00	per Cylinders rate per Cylinder, per month as excess	
Trip/Delivery charge for deliveries, if applicable (total will be based on 104 deliveries)						\$10.00	\$1,560.00	\$15.00
Trip/Delivery charge for emergency deliveries other than normal delivery days stated above						\$10.00	per delivery	\$15.00
Annual Hazmat Fee:							\$100.00	\$125.00

Note: Rate of \$28.00 for 54 cylinders, not 56 remaining balance lease/rent free

Note: Rate of \$56.00 for 4 cylinders, not 7 remaining balance lease/rent free

Airgas does not provide a 40 cu.ft. acetylene cylinder

Contract total 2020 \$29,726.82 Contract Total \$30,972.51