



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 7, 2014

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to enter into an agreement with Ostara USA, LLC, for fertilizer offtake services pursuant to RFP 12-RFP-20, Phosphorus Recovery System, Stickney Water Reclamation Plant

Dear Sir:

Authorization is requested to enter into an agreement with Ostara USA, LLC (Ostara), for fertilizer offtake services associated with Contract 11-195-CP, Phosphorus Recovery System, Stickney Water Reclamation Plant.

A Request for Proposals, 12-RFP-20, Phosphorus Recovery Plan at the Stickney Water Reclamation Plant (SWRP), solicited proposals for the Phosphorus Recovery System at SWRP and was advertised on June 27, 2012. The Black & Veatch and Ostara USA, LLC, team was chosen for execution of the design and construction contracts. The Board of Commissioners authorized the Director of Procurement and Materials Management to issue a purchase order and enter into an agreement with Black & Veatch for professional engineering services; the scheduled design contract completion date is May 31, 2015. The construction portion, Contract 11-195-AP, is being developed with Black & Veatch Construction, including the construction of a phosphorus recovery building and three (3) Pearl 10,000 reactors from Ostara. Additionally, a maintenance agreement, 11-195-BP, is being developed with Ostara to provide maintenance services of the phosphorus recovery equipment for a period of five (5) years. We will be requesting authorization from the Board to enter into the maintenance agreement after the terms of such agreement have been finalized.

The proposal further provided for Ostara to purchase the phosphorus product generated by the reactors. The District will contract directly with Ostara USA, LLC for the marketing and beneficial reuse of the recovered phosphorus product, with payment to the District per ton of product for the lifetime of the agreement.

When construction is complete and the system is operational, SWRP is estimated to produce 1,900 pounds of recovered phosphorus product per day from the post-digestion centrate stream. After an internal design and construction of a process to enhance the concentration of soluble phosphorus in the pre-digestion centrate stream, another 4,400 pounds of product per day is expected. Ostara will be responsible for the removal of the product from the District and payment will be made on a per ton of product basis. The amount the District will be paid will be fixed at \$400.00 per ton for the first three years of the agreement and will be adjusted after that based on commodity markets. The marketing and beneficial reuse is set for twenty (20) years. Additionally remote monitoring and operational assistance will continue through the term on the agreement.

In view of the foregoing it is recommended that the Director of Procurement and Materials Management be authorized to enter into an agreement without advertising, per Section 11.4 of the Purchasing Act.

Requested, Catherine A. O'Connor, Director of Engineering, MVL:GR

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for August 7, 2014