

**COUNCIL ACTION FORM**

**SUBJECT:**     **ASBESTOS MAINTENANCE SERVICES FOR POWER PLANT**

**BACKGROUND:**

On March 25, 2014, City Council approved preliminary plans and specifications for a asbestos maintenance services contract for Power Plant. This contract involves the removal and proper disposal of asbestos insulation at the City's Power Plant, including Units 5 and 6 (both retired) and operating units 7 and 8. The two retired units and Unit 7 are primarily insulated with asbestos type insulation. Unit 8 is considered "asbestos free" excluding some gasket material and steam pipe insulation around the turbine. In addition, there is other equipment and piping located in the Power Plant that has been insulated with asbestos type insulation.

The Power Plant benefits from having a service contract with a firm that provides both routine and emergency asbestos remediation services. These services include removal and disposal of asbestos containing insulation, and the remediation/ encapsulation of identified areas or areas where an encapsulated surface is damaged. Asbestos must be removed and disposed of per State and Federal regulations before retired equipment can be physically removed. In addition, asbestos should be removed or encapsulated where employees will be working.

This contract is to provide asbestos maintenance services for the period from July 1, 2014 through June 30, 2015. The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms.

Bid documents were issued to twenty potential bidders. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. The bid was also sent to one plan room.

On April 23, 2014, one bid was received. Details of the bid are shown on the following table:

ESA, Inc., N. Sioux City, SD			
DESCRIPTION	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)
Supervisor	\$68.00	\$102.00	\$136.00
Asbestos Worker	\$56.00	\$84.00	\$112.00
Subsistence:	\$68.00 per day		
Travel:	\$48.00 per hour		
Mileage:	\$.78 pe mile		
Material Costs:	Variable		
Proposed Price Increase for Renewal Periods:			
Labor Rates:	2%		
Travel & Subsistence:	2%		

Staff reviewed the bid received from ESA, Inc., North Sioux City, SD and concluded that it was acceptable. **The reason only one bid was received is because most firms do not have 24 hour service or rapid response for emergencies and are not located close to Ames. ESA, Inc. has a location in Des Moines and has demonstrated that they can meet the critical time requirements based on as-needed procurements.**

If there is an emergency at the plant where asbestos remediation is needed, the response time is critical. Any asbestos removal during an emergency would be needed to prevent a unit shutdown, allow a unit start-up, or address health and safety issues. For the above reasons, an asbestos services contract without adequate response will have marginal value to plant operations. Without such a contract, staff will contact local qualified asbestos contractors if there is an urgent need and see which one can best meet the Power Plant's needs on any given day and incident.

**Staff recommends that these services be outsourced on an annual renewable contract basis.** 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 labor, travel, and supplies in preparation for a scheduled outage.
- 3) Rapid contractor mobilization to start emergency repairs, thus reducing generation downtime.
- 4) Saved City staff time obtaining quotes, evaluating bids and preparing specifications and other procurement documentation.

The approved FY2014/15 Power Plant operating budget includes \$75,000 for asbestos removal. Invoices will be based on contract rates for time and materials for services actually received.

**ALTERNATIVES:**

1. Award the contract for the asbestos maintenance services contract for Power Plant to ESA, Inc., North Sioux City, SD, for hourly rates and unit prices bid, in an amount not-to-exceed \$75,000.

This contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms at stated rates.

2. Reject all bids and purchase asbestos maintenance services on an as-needed basis.

**MANAGER'S RECOMMENDED ACTION:**

Asbestos removal and encapsulation will be an on-going cost, since most of the old equipment at the Power Plant was insulated with asbestos. This contract will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service. Funds will be expended only as work is required and in accordance with approved invoices.

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