

ITEM#: 18
DATE: 05-09-23
DEPT: ELECTRIC

COUNCIL ACTION FORM

**SUBJECT: ASBESTOS MAINTENANCE SERVICES FOR POWER PLANT –
CONTRACT RENEWAL**

BACKGROUND:

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, other equipment and piping located in the Power Plant has been insulated with asbestos type insulation. Asbestos removal is an ongoing process. Each year Electric Services estimates how much asbestos can be removed from the plant based on location and impact on plant operations.

The Power Plant benefits from having a service contract with a company that provides both routine and emergency asbestos remediation services. These services include removal and disposal of asbestos containing insulation, as well as 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 in areas where employees will be working.

On July 23, 2019, Council awarded a contract to Earth Services & Abatement, LLC, Des Moines, IA for the asbestos maintenance services contract. This contract included the option for the City to renew in one-year increments for up to four additional years. **The period from July 1, 2023 through June 30, 2024, is the fourth of the four-renewal periods subject to Council approval of funding for asbestos removal.**

The contract's rate provision increases 3% for both Labor and Travel & Subsistence. The FY 2023/24 rates are shown on Attachment 1.

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 FY 2023/24 Power Plant operating budget includes \$120,000 for this contract. Invoices will be based on contract rates for time and materials for services actually received.

ALTERNATIVES:

1. a. Approve a contract renewal with Earth Services & Abatement LLC, Des Moines, IA, for the Asbestos Maintenance Services Contract for Power Plant for the one-year period from July 1, 2023, through June 30, 2024, in an amount not-to-exceed \$120,000.
- b. Approve a performance bond in the amount of \$120,000.
2. Do not renew the agreement and direct staff to seek new competitive bids.

CITY MANAGER'S RECOMMENDED ACTION:

Asbestos removal and encapsulation are an on-going effort, since most of the old equipment at the Power Plant was insulated with asbestos. This contract establishes rates for service and provides for guaranteed availability, thereby setting in place known timing and rates.

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