

ITEM # 22946
DATE: February 10, 2009

COUNCIL ACTION FORM

SUBJECT: REPORT OF BIDS FOR ASH HAULING AND RELATED SERVICES FOR ELECTRIC SERVICES

BACKGROUND:

In July 2008, bids were solicited for hauling ash for Electric Services. The work included hauling of bottom ash from the Power Plant coal fired boilers to an approved disposal site. Bottom ash is hydraulically transported to the ash pond east of the Power Plant. The ash pond serves as a settling pond where the ash falls to the bottom and relatively clean water can be recycled to the Power Plant to transport additional ash from the bottom of the boilers. The ash itself is composed of inorganic materials in the coal that do not burn and must be removed from the boilers to allow continual operation.

Over time the ash builds up on the bottom of the pond and reduces the available capacity of the pond. This ash must be periodically removed via excavating or dredging, allowed to dewater, and then transported off-site for disposal. This ash must be moved off-site to allow additional ash to be dredged from the pond and maintain the working capacity of the ash pond. This is done approximately every ten years. The FY 2008/09 Electric Services operating budget included \$300,000 for this work.

On July 31, 2008, bids were received as shown on the attached report. At the time of bidding, Ames Environmental Landfill, Ames, Iowa, the disposal site last used, was the only known site which would accept the ash. Initially, the Ames Environmental Landfill received verbal approval from the Iowa Department of Natural Resources (IDNR) to receive the ash. However, staff was informed on August 4, 2008, that the IDNR had reversed their earlier decision and stated the Ames Environmental Landfill may not accept the bottom ash. The report of bids was delayed as Ames Environmental Landfill pursued IDNR approval of its site. Immediate reporting of bids to City Council was not required because this is general services rather than a public improvement bid. The bidding documents stated that bids would be reported to City Council, but did not specify a date for that report.

Ames Environmental Landfill has continued in its efforts to secure the required IDNR permit since it was informed it could not accept the bottom ash. While Ames Environmental Landfill continues in this effort, the bids for hauling and related services have expired. Other potential disposal sites are being researched by staff. Also, fuel prices, which are a significant cost associated with these hauling services, have dropped considerably since these bids were solicited. Until an approved disposal site is identified, the ash continues to accumulate.

When approved disposal sites are finally determined, the scope of work for the hauling services could change significantly from the July 2008 bid. Therefore, it is recommended that the bids be rejected and the project re-bid when approved disposal sites are determined.

ALTERNATIVES:

1. Reject bids for the Electric Services Ash Hauling and Related Services Project, and direct staff to rebid when approved disposal sites are finally determined.
2. Delay action on the bids.

MANAGER'S RECOMMENDED ACTION:

There is no approved site in the immediate area for the disposal of the ash at this time.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, rejecting the bids for Electric Services Ash Hauling and Related Services Project.



**INVITATION TO BID NO. 2009-011
ASH HAULING - AND RELATED SERVICES**

Company Name of Bidder	Biosolids Management Group, Inc. Boone, IA	Ames Trenching & Excavating, Inc. Ames, IA
Disposal Site	Ames Environmental Landfill	Ames Environmental Landfill
Bid amount per ton for freight to include trucking or hauling - Non-Taxable	\$2.20	\$3.50
Bid amount per ton for equipment, labor, materials, supervision, and all other components which are taxable	\$1.10	\$2.00
Tax amount added	\$0.08	\$0.14
TOTAL AMOUNT PER TON	\$3.38	\$5.64
ESTIMATED TOTAL, 15,000 TONS TAXABLE	\$50,700.00	\$84,600.00
ESTIMATED TOTAL, 15,000 TONS NON-TAXABLE	\$49,500.00	\$82,500.00
Percentage of Bid Price Based on fuel	50%	100%
Alternate Disposal Site		
Bid amount per ton PER MILE for freight to include trucking or hauling - Non-Taxable	\$0.44	\$13.00 for 0 to 30m \$26.00 for 31 to 60m
Bid amount per ton PER MILE for equipment, labor, materials, supervision, and all other components which are taxable	\$0.22	\$2.00
Tax amount added	\$0.02	\$0.14
TOTAL AMOUNT PER TON PER MILE	\$0.68	\$15.14 for 0 to 30m \$28.14 for 31 to 60m
Percentage of Bid Price Based on fuel	50%	100%
Subcontractors	BMG	Gelden & Price Ex. Conley Trucking