

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR POWER PLANT ASH HAULING SERVICES

BACKGROUND:

This contract is for the coal combustion by-product beneficial re-use or disposal from the City of Ames ash pond to an Iowa DNR approved and permitted beneficial re-use site or landfill disposal site. Bottom ash comes from the Power Plant coal fired boilers and it 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 and in the refuse derived fuel (RDF) 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. Currently there is a large amount of ash, over 25,000 tons, which has been removed from the pond and dewatered on the banks next to the pond. 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 the third time that this project has been sent out for proposals. The first two times it was bid out through an invitation to bid process. The first time staff evaluated two responsive bids and determined that the low bid was acceptable. However, the award of contract was contingent upon Iowa Department of Natural Resources (IDNR) approval of an ash disposal site, which did not occur. February 10, 2009, City Council rejected the first bids received and directed staff to rebid.

The second bid process resulted in the City Council again rejecting the single bid received (on February 23, 2010), and directing staff to rebid when approved disposal sites were determined. The single bid was rejected because it was determined to be non-responsive. The bidder had not provided all the required submissions as outlined in the technical document. One of the required submittals was that the bidder should include Iowa Department of Natural Resources (IDNR) approval of disposal of ash from the City of Ames site to the proposed destinations. This bidder stated that it acquired approval for the beneficial reuse site for the bottom ash, but it did not submit the proper permits with the bid. Staff contacted other potential bidders who did not respond. Those businesses indicated that they did not submit a bid because they did not have a permitted site for receiving the ash. Those same businesses indicated that they were in the process of attempting to secure the required IDNR permit.

After the second attempt of bidding this project, staff felt that it was an inefficient use of

time and funds to go ahead and solicit proposals for the disposal project a third time without first knowing that a permitted disposal site exists in the central Iowa area. A permitted disposal site recently became available and as a result, the City issued documents to seek a disposal site a third time.

The document used for the third issuance contained two major differences from the previous two bid documents. First, the document was issued through the Request for Proposal (RFP) process instead of the Invitation to bid process (which was done the previous two times). This allows the City more versatility in evaluating proposals submitted and more flexibility in negotiation of mutually agreeable terms and conditions. Second, the proposer had the option to submit a proposal on disposal of the material at an approved beneficial use site, an approved disposal site (which was on the previous two bids), or both. City Council should note that on proposals received for the approved beneficial use site alternative, the proposer must first be permitted for this alternative by IDNR before work can begin.

On July 1, 2010, the proposal document was issued to twenty-six firms for proposals. On August 3, 2010, staff received competitive proposals for coal combustion by-product hauling for beneficial use or disposal from four firms. These proposals were then sent to a committee for evaluation. The committee consisted of a Power Plant Engineer, the Power Plant Manager and an Electrical Engineer.

The committee members independently evaluated and scored all of the proposals in three separate steps.

Step 1

In the first step, the proposals were evaluated on: 1) the beneficial use method proposed, 2) proposer having an Iowa DNR approved and permitted site for beneficial re-use, and 3) compliance with the proposal documents. Each of these three criteria was rated on a Pass/ Fail basis.

Step 2

In the second step the proposals were evaluated on cost; utilization of the material as a resource for beneficial use; the firm's experience with solid waste collection, beneficial use and disposal; and the overall plan and equipment available. The summation of all the scores on these factors represented 70% of the overall score. The remaining 30% were obtained from the summation of scores from the third step for the finalists.

It should be noted that Biosolids Management Group, Inc., is listed twice on each matrix because it is the only proposer that submitted proposals on both alternatives listed in the RFP document. Alternative 1 (ALT. 1) is loading, hauling, and disposal of materials to Contractor's approved beneficial use site. Alternative 2 (ALT. 2) is loading, hauling, and disposal of materials to Contractor's approved disposal site.

Based on the matrix, the averaged scores for the responding firms are:

PROPOSERS		AVERAGED SCORE
Biosolids Management Group, Inc.,	ALT. 1	566.67

Boone, Iowa		
Biosolids Management Group, Inc., Boone, Iowa	ALT. 2	541.33
J. Pettiecord Inc., Des Moines, Iowa		516.93
Chamness Technology, Inc., Blairsburg, IA		499.73
Wulfekuhle Injection & Pumping, Inc., New Vienna, Iowa		490.87

Each score was based on a scale of 1 to 10, with a maximum of 700 points possible.

Step 3

The three proposers with the highest averaged scores from second step were invited to participate in the third step. These finalists presented their proposals and were interviewed by the evaluation committee. The committee then scored each finalist based on the interviews and those scores were factored into the scores from the second step.

Based on the matrix, the averaged scores for the finalists are:

PROPOSERS		AVERAGED SCORE
Biosolids Management Group, Inc., Boone, Iowa	ALT. 1	846.67
J. Pettiecord Inc., Des Moines, Iowa		806.93
Biosolids Management Group, Inc., Boone, Iowa	ALT. 2	801.33
Chamness Technology, Inc., Blairsburg, IA		669.73

Each score was based on a scale of 1 to 10, with a maximum of 1,000 points possible.

Based on the averaged scores and a unanimous decision by the evaluation committee, staff recommends that a contract be awarded to Biosolids Management Group, Inc., Boone, Iowa, (BMG, Inc.) for an amount not to exceed \$1,160,000. **BMG, Inc., must first secure the required IDNR permit before its work can begin.** The cost of \$1,160,000 is inclusive of mobilization, demobilization and proposed price per ton multiplied by 25,000 tons. Council should note that BMG, Inc. did not have the lowest proposed cost based on the aforementioned three factors, but they had the lowest evaluated cost. The evaluated cost was based on the net overall cost of the contract after all prompt payment discounts are taken. The prompt payment discount is applied when the City is able to make payment within 15 days of the date of the invoice. We will be invoiced weekly.

Council should also note that the contract has a provision that allows price adjustments for fuel. The bench mark cost which the proposers provided their pricing on is in the range of \$2.00-\$2.99 per gallon for diesel. If during the course of the contract the fuel cost exceeds the bench mark range then the fuel may be adjusted up or down based on the percentage of the proposer's price based on fuel. The adjusted price will be based on the fuel price percentage differential of the first working day of the current calendar month subject to price review to the first day of the previous calendar month. The

adjusted price shall remain in effect for one month until the first working day of the next month when the price will be reviewed again. The fuel prices are derived from the Rack Average price for No. 2 diesel fuel price index as established by the Iowa Department of Transportation in the Des Moines area. An example of the fuel price adjustment would be if the new price per gallon of fuel is \$3.10 (which is \$.11 more than the high benchmark price range of \$2.99) then the percentage differential would be 3.67%. This percentage differential will be applied to the proposer's dollar amount tied to fuel for all work done the next calendar month only.

The approved FY2010/11 Operating budget includes \$1,448,088 for ash hauling.

ALTERNATIVES:

1. Award a contract for coal combustion by-product hauling for beneficial use to Biosolids Management Group, Inc., Boone, Iowa, in the amount not to exceed \$1,160,000, **contingent upon BMG, Inc. securing the required IDNR permit.** Alternative 2 for disposal at a landfill will not be utilized for this contract.
2. Do not award a contract at this time.

MANAGER'S RECOMMENDED ACTION:

The Power Plant ash settling ponds are filling with material. In addition, a large volume of ash is already stored at the site and needs to be removed to create room for ongoing operations. This activity must also be worked around the removal of lime sludge from the water plant lime ponds which are in close proximity. Because of the size of the operation and other factors such as weather and traffic, it is advantageous for the city to begin removing this material as soon as possible.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, awarding a contract for coal combustion by-product hauling for beneficial use to Biosolids Management Group, Inc., Boone, Iowa, in the amount not to exceed \$1,160,000, **contingent upon BMG, Inc. securing the required IDNR permit.** Alternative 2 for disposal at a landfill will not be utilized for this contract.



2010-105 COAL COMBUSTION BY-PRODUCT HAULING FOR BENEFICIAL USE OR DISPOSAL

BUDGET: \$1,448,088

ALTERNATIVE 1: Approved Beneficial Use Site

Proposer	% tied to fuel	Mob.	Demob.	25K Tons loaded, hauled and disposed of	Total (Before Payment Discounts)	Pr. Pay.Disc.	Net Overall Cost of Contract (After Payment Discounts)
BMG, Inc., (ALT 1) Boone, Iowa	10%	\$0.00	\$20,000.00	\$1,140,000.00	\$1,160,000.00	10%	\$1,044,000.00
J. Pettiecord Inc., Des Moines, Iowa	NO BID						
Chamness Technology, Inc., Blairsburg, IA	NO BID						
Wulfekuhle Injection & Pumping, Inc., New Vienna, Iowa	NO BID						

ALTERNATIVE 2: Disposal Site

Proposer	% tied to fuel	Mob.	Demob.	25K Tons loaded, hauled and disposed of	Total	Pr. Pay.Disc.	Net Overall Cost of Contract (After Payment Discounts)
J. Pettiecord Inc., Des Moines, Iowa	25%	\$1,000.00	\$1,000.00	\$1,077,000.00	\$1,079,000.00		\$1,079,000.00
BMG, Inc., (ALT 2) Boone, Iowa	10%	\$0.00	\$20,000.00	\$1,283,500.00	\$1,303,500.00	10%	\$1,173,150.00
Chamness Technology, Inc., Blairsburg, IA	8.57%	\$4,275.00	\$4,275.00	\$1,326,500.00	\$1,335,050.00		\$1,335,050.00
Wulfekuhle Injection & Pumping, Inc., New Vienna, Iowa	21%	\$500.00	\$500.00	\$1,353,000.00	\$1,354,000.00		\$1,354,000.00