

COUNCIL ACTION FORM

SUBJECT: POWER PLANT ASH HAULING SERVICES

BACKGROUND:

This contract is for the coal combustion by-product beneficial re-use or disposal from the Electric Services ash pond to an Iowa DNR approved and permitted beneficial re-use site or landfill disposal site.

As bottom ash comes from the Power Plant coal fired boilers, 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 pond's available capacity. This ash must periodically be removed via excavation or dredging, be allowed to dewater, and then be transported off-site for disposal. Moving the ash off-site allows additional ash to be dredged from the pond and maintains the working capacity of the ash pond.

On August 23, 2011, City Council approved contract renewal No. 1 out of 4 possible with Biosolids Management Group, Inc., Boone, Iowa, (BMG, Inc.) in a not-to-exceed amount of \$1,000,000 for beneficial use and disposal. The Council may recall that the first term of this contract was for the period of one year or until such time as the budgeted funds of \$1,160,000 were exhausted. These funds will be exhausted very soon, and as a result an addition to the contract for 2011/12 is needed. Council should note that actual payments are based on unit prices proposed for these services.

The proposed change order would be Change Order No. 1. This change order will add an additional \$741,426.00 to funds available on this current contract (Renewal Term No. 1) for FY 2011/12. This would bring the total funds available on this contract to \$1,741,426.00. Prior to July 1, staff anticipates bringing contract renewal No.2 to the City Council for its consideration.

This contract includes the hauling of ash for beneficial re-use, as well as the landfiling of rejected screen material. **Costs per ton for the hauling and disposal have stayed at \$45.60 for re-use and \$50.84 for landfiling of screen rejects. The fuel escalators for rack prices above \$3.00 per gallon for diesel have also stayed the same.**

Funding to cover this change order will come from \$741,426 in unspent budget authorization carried over from the FY 2010/11 Operating Budget under the Contract Ash Handling account.

ALTERNATIVES:

1. Approve contract Change Order No. 1 to Biosolids Management Group, Inc., in the not-to-exceed amount of \$741,426.00. This will bring the total FY 2011/12 contract limit to a not-to-exceed amount of \$1,741,426.00.
2. Reject contract Change Order No. 1 and allow the funds for ash hauling to be exhausted.

MANAGER'S RECOMMENDED ACTION:

It is essential for the Power Plant to receive ash hauling services at the lowest possible cost consistent with the quality required to maintain Plant operations. It is also vital to lock in prices and accountability with key contractors. By choosing Alternative No. 1, the Plant will be able to continue achieving these goals.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving contract Change Order No. 1 to Biosolids Management Group, Inc., in the not-to-exceed amount of \$741,426.00. This will bring the total FY 2011/12 contract limit to a not-to exceed amount of \$1,741,426.00.