

COUNCIL ACTION FORM

SUBJECT: CONCRETE ACID CONTAINMENT STRUCTURE AT POWER PLANT

BACKGROUND:

This project is for removing and disposing of an existing, deteriorated concrete foundation and containment structure at the Power Plant, and for the installation of a new tank concrete foundation and containment structure. This containment is around and under a steel tank that holds 98% sulfuric acid. It is in place to contain the acid in case of a tank rupture, as well as to catch any leaks and drips from the tank piping and fill systems. The current containment is in poor condition and needs to be replaced.

This portion of the project is to hire a contractor to remove and dispose of the existing deteriorated concrete foundation and containment structure, and to install an in kind new tank concrete foundation and containment structure.

Bid documents were issued to twenty-three potential bidders. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and was sent out to two plan rooms. The engineer's estimated cost for this work was \$35,000.

On May 14, 2014, one bid was received as shown below:

Larson Contracting Central, LLC, Lake Mills, IA \$30,329*
**Inclusive of applicable Iowa sales tax*

Staff reviewed the bid received from Larson Contracting Central, LLC and concluded that it was acceptable.

To date the following funds are encumbered for this project:

\$85,000	Amount budgeted for project
\$35,370*	Actual cost to coat the Concrete Acid Containment Structure – (Awarded by City Council on May 13, 2014) * This amount does not include applicable sales tax which the City will pay directly to the state of Iowa.
<u>\$30,329**</u>	Actual cost for Concrete Acid Foundation and Containment Structure - this agenda item (pending Council approval) ** Amount inclusive of applicable Iowa sales tax.
\$65,699	Total project cost

Funding for this work is available in the approved FY2014/15 Electric Production operating budget, which contains \$85,000 in the Miscellaneous Parts and Supplies account.

ALTERNATIVES:

1. Award a contract to Larson Contracting Central, LLC, Lake Mills, IA, for the Concrete Acid Foundation and Containment Structure in the amount not-to-exceed \$30,329 (inclusive of applicable Iowa sales tax).

As noted above the second contract required to complete this project, the coating of the containment structure, was already approved by the City Council.

2. Reject all bids, which will delay the replacement of the acid containment structure.

MANAGER'S RECOMMENDED ACTION:

The acid containment structure is deteriorating and is in need of prompt replacement. Without this replacement, there is a risk that the structure could rupture, which could release a significant amount of sulfuric acid into the surrounding environment.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.