

**COUNCIL ACTION FORM**

**SUBJECT:**     **ASBESTOS MAINTENANCE SERVICES FOR POWER PLANT –  
CHANGE ORDER NO. 1**

**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, there is other equipment and piping located in the Power Plant that has been insulated with asbestos type insulation.

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

On May 13, 2014, Council awarded the asbestos maintenance services contract for Power Plant to ESA, Inc., North Sioux City, SD, in an amount not to exceed \$75,000. This contract is for a one-year period from July 1, 2014, through June 30, 2015. Actual payments are based on time and material basis.

**The proposed change order will be Change Order No. 1. This change order will add an additional \$60,500 to the current contract for FY2014/15.** This will bring the total contract amount to \$135,500. There have been two major projects this year: 1) the demo of the diesel building and its abatement for \$25,000; and 2) the abatement of GT1 for \$20,000 in preparation for the engine rebuild work. The main turbine generator floor at the plant is scheduled for abatement by the end of July in anticipation of the plant conversion. The estimated cost for the floor removal is \$34,000. **The Council should understand the additional funds authorized in this change order will not be spent unless needed.**

The approved FY2014/15 Power Plant operating budget includes \$75,000 for asbestos removal. Funding to cover this change order is already in the Building Maintenance account in the final amendments for FY 2014/15 (rolled over from the FY 2013/14 budget). **Payments will be calculated on unit prices bid and actual work performed, up to the available budget amount.**

### **ALTERNATIVES:**

1. Approve contract Change Order No. 1 to ESA, Inc. in the not-to-exceed amount of \$60,500. This will bring the total FY2014/2015 contract limit to the not-to-exceed amount of \$135,500.
2. Reject contract Change Order No. 1 and allow the funds for these services to be exhausted. Under this option, the work would have to be stopped and started again after the beginning of the next fiscal year.

### **MANAGER'S RECOMMENDED ACTION:**

This change order is necessary to ensure a qualified professional firm will respond to both emergency and scheduled asbestos removal and encapsulation services by having established billing rates. This contract allows the Power Plant to control the costs of these services to the extent possible. **By completing the removal of the asbestos flooring now, the plant conversion can occur without abatement work being done at the same time as other plant activity.**

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