

COUNCIL ACTION FORM

SUBJECT: WATER TREATMENT PLANT LIME SLUDGE DISPOSAL CONTRACT ACCEPTANCE

BACKGROUND:

The City of Ames Water Treatment Plant (WTP) is a conventional lime-softening facility that generates lime sludge as a by-product of the lime softening process. The lime sludge consists primarily of calcium carbonate and magnesium hydroxide which is dewatered and stored in lagoons ("ponds") prior to disposal on agricultural ground as a soil conditioner. To continue to have adequate storage for the lime sludge, the lime sludge must be cleaned out of the lagoons annually.

On May 28, 2013, City Council awarded a contract to Wulfekuhle Injection and Pumping, Inc. of New Vienna, Iowa for the removal and disposal of lime sludge. The five year agreement called for the removal of 28,000 wet tons of lime per year at a unit cost of \$10.99 per wet ton, four dust control applications per year at \$500 per application, and mobilization charges totaling \$6,500 per year for a total contract price of \$316,220 per year for annual maintenance, paid out of the water plant operating budget.

Work performed under contract for FY 17/18 (the fifth and final year of the agreement) has been completed to staff's satisfaction and in accordance with the contract requirements. After reconciliation of final quantities, the final contract amount is \$297,172.24. Therefore, Staff is recommending acceptance of the FY 17/18 contract and releasing retainage according to contract requirements.

In addition to the annual lime disposal, the contract also included a one-time removal of up to 150,000 wet tons to be taken from the large lime pond as part of the new water plant construction project at a unit price of \$10.44 per ton. As the work progressed, it became evident that removal of the entire 150,000 wet tons was not required for the planned partial reconstruction of the large lime pond to proceed. The contractor ultimately removed 80,028.05 wet tons from the large lime pond cell.

The contract terms for this special, one-time large quantity called for 85% of the unit price to be paid when the material was excavated and removed from the lime pond. The contractor was allowed to stockpile the excavated material on its own property until it could conveniently arrange for the ultimate disposal of the material by land application, with a requirement that the final disposal must be completed by the end of the five-year agreement. Once the contractor certified to the City that final disposal of the material had been accomplished, the remaining 15% of the unit price would be paid by the City. The contractor stockpiled a total of 20,183.17 wet tons. The contractor has reported that 10% of the stockpiled material still has not been land applied.

Now that the fifth and final year's annual work is completed, staff is recommending that the entire five-year contract be closed out at this time. By closing out the five-year agreement at this time, the contractor will not be paid for disposal of the approximately 2,000 wet tons it has stockpiled on its property. The contractor has been reminded of this requirement on multiple occasions over the life of the contract, and is aware that the City intends to close out the five-year agreement at this time.

ALTERNATIVES:

1. a.) Accept completion of the FY 17/18 (year five) lime sludge disposal contract in the amount of \$297,172.24 and release retainage according to the terms of the contract.

b.) Accept completion of the work done in the large lime pond as part of the water plant construction project and release the retainage on the portion that was actually land applied. The contractor will forego being paid the retainage on the portion that still remains stockpiled.
2. Accept completion of the FY 17/18 (year five) work, but leave the contract open longer, providing additional time for the contractor to complete the application of the stockpiled material.
3. Do not accept completion of any portion of the contract at this time.

MANAGER'S RECOMMENDED ACTION:

Wulfekuhle Injection and Pumping, Inc. has completed the FY 17/18 lime sludge disposal work to staff's satisfaction and in accordance with the contract requirements. A sufficient quantity of lime sludge has also been removed from the large lime pond cell to permit the necessary reconstruction work inside the cell; however approximately 10% of the material excavated from the large cell was not land applied in a timely manner. Staff believes it has provided a sufficient window (five years) for the land application of that material to be accomplished, and is recommending that the contract now be closed out. That means the contractor will not be eligible for reimbursement of the approximately 2,000 wet tons that is still stockpiled on the contractor's property. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.