

COUNCIL ACTION FORM

SUBJECT: ASBESTOS MAINTENANCE SERVICES CONTRACT 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" except for some gasket material and steam pipe insulation around the turbine. In addition, other equipment and piping located in the Power Plant has been insulated with asbestos type material.

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

On June 12, 2018, Council approved the contract renewal with ESA, Inc., North Sioux City, SD, for the Asbestos Maintenance Services Contract for the Power Plant for the one-year period from July 1, 2018, through June 30, 2019, in the amount not-to-exceed \$80,000.

It should be noted that ESA, Inc., recently changed their name and location to Earth Services & Abatement, LLC, Des Moines, IA.

The action being requested is to approve Change Order No. 1 to the Asbestos Maintenance Services Contract. This change order will add an additional \$130,000 to the current contract for FY2018/19. This will bring the total contract amount to \$210,000.

This Change Order is needed to increase the amount of funds in the current fiscal year contract. The original contract amount was budgeted for maintenance, removal and disposal of asbestos insulation as needed throughout the FY 2018/19 contract period. **Additional funding is needed at this time for asbestos removal work associated with the Unit 7 Boiler Repair project (tube replacement). This work is to remove all asbestos on Unit 7 boiler that will be in the way of the contractor working on the Unit 7 Boiler Repair Project.**

The City recently received bids for the Unit 7 Boiler Repair project to repair and replace certain waterwall, primary superheater, and secondary superheater tubes of Unit 7 boiler, along with the removal and re-insulation of the boiler's exterior insulation and lagging, and the re-insulation and lagging of the steam and mud drums.

The funding for this Change Order No. 1 will come from the FY2018/19 Capital Improvements Plan (CIP) from funds for the Unit 7 Boiler Repair Project:

2015/16 Engineering	\$5,150
2016/17 Engineering	\$125,796
2017/18 Engineering	\$50,000
2019/20 Materials/labor - superheat and waterwall tubes	\$8,400,000
TOTAL	\$8,580,946

Council should note that three of the four bids received for the material/labor portion of the Unit 7 Boiler Repair Project came in significantly lower than what was budgeted in the CIP. The bids are still in the process of being evaluated and staff will present their recommendations at a future City Council meeting. Therefore, sufficient funds will be available to cover this change order.

Invoices will be based on contract rates for time and materials for asbestos removal services that are actually performed. **Therefore, the additional funds authorized in this change order will not be spent unless needed.**

ALTERNATIVES:

1. Approve contract Change Order No. 1 with Earth Services & Abatement, LLC, Des Moines, IA, for the Asbestos Maintenance Services Contract for Power Plant in the not-to-exceed amount of \$130,000. This will bring the total FY2018/19 contract value to a not-to-exceed amount of \$210,000.
2. Do not approve the change order.

MANAGER'S RECOMMENDED ACTION:

This change order is necessary to remove the asbestos from the areas the contractor will be working in during the Unit 7 Boiler Repair project. Funds will be expended only as work is required and in accordance with approved invoices.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.