

ITEM #: 13
 DATE: 07-23-24
 DEPT: W&PC

COUNCIL ACTION FORM

SUBJECT: WATER TREATMENT PLANT LIME SLUDGE DISPOSAL CONTRACT

BACKGROUND:

The City's 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 prior to disposal on agricultural ground as a soil conditioner. To continue to have adequate storage for the lime sludge, the material must be removed from the lagoons annually.

On April 25, 2023, City Council awarded a contract to Wulfekuhle Injection and Pumping, Inc. of Peosta, Iowa for the removal and disposal of lime sludge. The contract calls for the removal of 26,000 wet tons of lime at a unit cost of \$14.89 per wet ton, plus mobilization charges of \$5,000, for a total contract price of \$392,140. The contract is renewable annually for a total of five years, dependent on successful performance by the contractor each year. The contract unit prices are fixed for the entire five-year agreement.

Work performed under contract for FY 2023/24 was delayed due to lack of hauling during the winter months and rainy spring weather. Because of this, the contractor was unable to access the lime ponds and/or haul to fields and failed to remove the entire quantity under contract. A total of 13,098.76 tons were removed, at a cost of \$195,040.53. In addition, because the contractor's equipment was already on site at the beginning of the contract, the \$5,000 mobilization charge was waived. Therefore, the unhailed quantity and avoided mobilization charge results in unspent funds of \$197,099.47 on the FY 2023/24 contract. **Staff is recommending that a change order be approved to deduct \$197,099.47 for the unhailed quantity from the FY 2023/24 contract and then accept the FY 2023/24 contract as complete.**

FY 2023/24 Contract - \$392,140 Total		
	Anticipated Expense	Actual Expense
Mobilization	\$ 5,000	\$ 0.00
Lime Sludge @ \$14.89/ton	387,140	195,040.53
TOTAL	\$ 392,140	\$ 195,040.53
Contract Amount Remaining	\$ 0	\$ 197,099.47

On July 9, 2024, City Council approved the FY 2024/25 contract with Wulfekuhle for lime sludge hauling and disposal, in the amount of \$392,140. This contract covers disposal of 26,000 tons, as was

the original contract amount in the prior fiscal year. Because only half of the anticipated lime sludge was removed last fiscal year, a greater quantity than normal must be disposed of in FY 2024/25 in order to maintain the needed capacity in the storage lagoons. **Therefore, staff recommends moving \$148,900 of the unspent funds from the FY 2023/24 contract into the FY 2024/25 operating budget, and that a change order be approved to the FY 2024/25 contract awarded by Council on July 9. This amount will provide for disposal of an additional 10,000 tons of lime sludge compared to the originally awarded amount of 26,000 tons.** With that change, the FY 2024/25 operating budget for lime sludge disposal would be as follows.

FY 2024/25 Contract		
	Expenses	Funding Sources
Original Contract		
Mobilization, 1 @ \$5,000	\$ 5,000	
Lime Sludge, 26,000 tons @ \$14.89/ton	387,140	
Change Order #1 - 10,000 tons @ \$14.89/ton	148,900	
Adopted FY 2024/25 Budget		\$ 396,140
FY 2023/24 Carryover		148,900
TOTAL	\$ 541,040	\$ 545,040

The result of these actions is a two-year total of 49,098.76 tons of lime sludge disposed of (compared to an originally anticipated amount of 52,000 tons), and a two-year total cost of \$736,080.53 (compared to an originally anticipated total of \$784,280).

ALTERNATIVES:

1. Approve the following actions:
 - a. Approve a change order to the FY 2023/24 lime sludge disposal contract with Wulfekuhle Injection and Pumping Inc. of Peosta, Iowa in a deduct amount of \$197,099.47.
 - b. Accept completion of the FY 2023/24 lime sludge disposal contract with Wulfekuhle Injection and Pumping in the final adjusted amount of \$195,040.53, and release retainage in accordance with the contract documents.
 - c. Authorize the carry-over of \$148,900 of unspent funds resulting from incomplete work in the FY 2023/24 operating budget to the FY 2024/25 budget.
 - d. Approve Change Order #1 for the FY 2024/25 lime sludge disposal contract with Wulfekuhle Injection and Pumping, Inc. of Peosta, Iowa in an additive amount of \$148,900, bringing the total contract amount to \$541,040.

2. Approve a change order to the FY 2023/24 lime sludge disposal contract with Wulfekuhle Injection and Pumping Inc. of Peosta, Iowa in a deduct amount of \$197,099.47 and accept the completion of the FY 2023/24 contact at a total amount of \$195,040.53 and approve a contract totaling \$392,140 for FY

2024/25.

3. Do not accept completion and do not increase the amount of lime sludge to be hauled in FY 2024/25.

CITY MANAGER'S RECOMMENDED ACTION:

Because of weather and other delays by the contractor, approximately half of the FY 2023/24 lime sludge disposal contract was not completed at the end of the fiscal year. Staff is proposing a change order to delete the remaining quantity, and then accept the FY 2023/24 contract. Staff also proposes that a portion of the unspent funds (\$148,900) be carried over into the FY 2024/25 operating budget, and that a change order in an equal amount be approved to add additional quantities to the FY 2024/25 contract for a new project total of \$541,040. Staff has impressed upon the contractor the importance of timely execution of the contract and the need to achieve the completion milestones contained in the contract document. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1a-d as described above.