TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS

DATE: SEPTEMBER 8, 2008 CMR: 356:08

SUBJECT: ADOPTION OF A BUDGET AMENDMENT ORDINANCE FOR FISCAL YEAR 2008-09 TO PROVIDE AN ADDITIONAL APPROPRIATION OF $751,325 TO CAPITAL IMPROVEMENT PROGRAM PROJECT VR-01001 MUNICIPAL SERVICE CENTER FUEL STORAGE TANK REPLACEMENT AND APPROVAL OF A CONTRACT WITH AMERICAN CONSTRUCTION AND ENVIRONMENTAL SERVICES, INC. IN THE AMOUNT OF $702,076 FOR CONSTRUCTION OF THE INTEGRATED FUELING FACILITY COMPRESSED NATURAL GAS FUELING AREA WITH A PUBLIC DISPENSER

RECOMMENDATION
Staff recommends that Council:

1. Adopt the attached Budget Amendment Ordinance (BAO) in the amount of $751,325 (Attachment A) to provide an additional appropriation for the Capital Improvement Program (CIP) Project VR-01001 MSC Fuel Storage Tank Replacement.

2. Approve and authorize the City Manager or his designee to execute the attached contract C09124683 with American Construction and Environmental Services, Inc., (Attachment C) in the amount $702,076 for construction of the Integrated Fueling Facility Compressed Natural Gas (CNG) facilities.

3. Authorize the City Manager or his designee to negotiate and execute one or more change orders to the contract with American Construction and Environmental Services, Inc., for related, additional but unforeseen work which may develop during the project, the total value of which shall not exceed $84,249.

BACKGROUND
The existing fueling facility at the Municipal Service Center (MSC) provides both conventional and non-conventional (CNG) fuel for City vehicles and equipment on a 24 hour basis. The current facility is thirty nine years old and is in need of replacement. In order to reduce construction costs and to obtain the most qualified contractors, staff recommended bidding the conventional fuel portion replacement work separately from the CNG replacement work.
On September 11, 2006, Council approved a construction contract to build a replacement conventional fueling facility at the MSC (CMR:342:06). This report addresses the construction contract for the CNG portion of the replacement project.

**DISCUSSION**

**Project Description**
There will be two CNG stations constructed under this contract using previously purchased CNG equipment. One CNG station located within the gated perimeter of the MSC will serve city operations and the second located inside the gates of the northernmost employee parking lot will be available for public use (Attachment B). Owners of private CNG vehicles may purchase CNG at the dispenser using credit cards via a card reader. Facilities Management will provide facility access cards to the public upon request.

Approval of this contract and associated BAO is needed due to a number of factors. A $300,000 grant from the Santa Clara Valley Transportation Agency (VTA) was used to purchase the CNG equipment that will be used in this project. Since the VTA funding has already been expended, failure to proceed with the project would require reimbursement to the VTA. Further, Capital Improvement Project PE-08005, Municipal Service Center Resurfacing, has been coordinated to resurface the impacted area from the CNG project upon its completion.

Funding of the BAO for this phase of construction will come from existing Capital Improvement Project Funding listed in the table under Resource Impact section.

**Bid Process**
A notice inviting formal bids for the Municipal Service Center Integrated Fueling Facilities-CNG was posted at City Hall on July 15, 2008 and sent to twelve potential bidders.

The bidding period was 35 days. Bids were received from three qualified contractors on August 19, 2008, as listed on the attached bid summary (Attachment D). Base bids ranged from a total low bid of $702,076 to a total high bid of $992,993 for the base bid.

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<thead>
<tr>
<th>Summary of Bid Process</th>
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<tbody>
<tr>
<td>Bid Name/Number</td>
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<tr>
<td>Proposed Length of Project</td>
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<tr>
<td>Number of Bids Mailed to Contractors</td>
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<tr>
<td>Number of Bids Mailed to Builder’s Exchanges</td>
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<tr>
<td>Total Days to Respond to Bid</td>
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<tr>
<td>Pre-Bid Meeting?</td>
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<tr>
<td>Number of Company Attendees at Pre-Bid Meeting</td>
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<tr>
<td>Number of Bids Received:</td>
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<tr>
<td>Bid Price Range *</td>
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*Bid summary provided in Attachment D.*
The project as it was bid included a Base Bid for installation of new CNG dispensers and a Bid Alternate for the removal of the existing fueling station and nearby former storage area for above-ground fuel tanks. The existing fueling station is no longer needed since construction has recently been completed on a new conventional fueling station at the east side of the MSC. The cost to award a contract for the Base Bid plus the Bid Alternate would be $1,154,833, which is beyond the funding available for this CIP therefore staff is recommending awarding the base bid only.

Staff has reviewed all bids submitted and recommends that the base bid of $702,076 submitted by American Construction and Environmental Services, Inc., be accepted and that American Construction and Environmental Services, Inc., be declared the lowest responsible bidder. The bid is less than 1 percent above the engineer's estimate of $700,000.

Staff confirmed with the Contractor's State License Board that the contractor has an active license on file. Staff checked references supplied by the contractor for previous work performed and found no significant complaints.

A contingency amount of 12 percent is requested since testing has determined that some of the soil at the new fueling station site has been contaminated with oil and gas residue and may need to be removed. The extent of remediation required by the Santa Clara Valley Water District cannot be determined until the ground is excavated and the degree that the contamination has traveled within the soil is evaluated.

An additional $5,000 is requested for CIP VR-01001 to cover the costs of materials testing and welding inspection that is typically paid for by the City, not the contractor.

**RESOURCE IMPACT**
The Project has a remaining unused appropriation of $40,000, and an additional appropriation of $751,325 is needed to provide the necessary funds for the Project. The additional appropriation of $751,325 will be funded by a transfer from various existing vehicle replacement projects. The details of the funding sources are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>VR-01002- MSC Equipment Washing Facility Upgrade</td>
<td>$681,394</td>
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<tr>
<td>VR-05001- Field Service Truck</td>
<td>9,000</td>
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<tr>
<td>VR-06800- MTBE Investigation</td>
<td>12,664</td>
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<tr>
<td>VR-04010-Vehicle Maintenance</td>
<td>48,267</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$751,325</strong></td>
</tr>
</tbody>
</table>

A Budget Amendment Ordinance of $751,325 is necessary to increase appropriation to VR-01001, MSC Fuel Storage Tank Replacement CIP Project. VR-01002 is an active project designated for the replacement of the equipment washing facility at the MSC. This project is
still needed; however, the need for a new CNG fueling facility now takes precedence over the wash facility due to the requirements to implement the VTA grant monies, and project coordination with the MSC resurfacing. In addition, the existing fueling station and above-ground tank storage area are still in need of removal. In order to meet these needs and other significant vehicle related objectives and obligations, Administrative Services and Public Works staff are working on a revised funding plan for the Vehicle Replacement Fund through possible revised allocated charges and revenue from the sale of CNG to the public. Once funding is identified staff will return with capital improvement projects to remove the existing fueling station and former tank-storage area and construct a new wash facility as part of the FY 2009-2010 budget.

**POLICY IMPLICATIONS**
This project furthers Policy N-21 and N-25 of the Comprehensive Plan.

**ENVIRONMENTAL REVIEW**
This project is exempt under the California Environmental Quality Act (CEQA) Section 15302 because it is a relocation of an existing use. The project has been appropriately conditioned to address the soil contamination.

**ATTACHMENTS**
Attachment A: Budget Amendment Ordinance (includes CIP Page as Exhibit A)
Attachment B: Revised Description of CIP VR-01001
Attachment C: Contract
Attachment D: Bid Summary
Attachment E: Certification of Nondiscrimination

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City Manager