

COUNCIL ACTION FORM

SUBJECT: AWARD OF CONTRACT FOR WATER POLLUTION CONTROL FACILITY DIESEL TANK REPLACEMENT PROJECT

BACKGROUND:

The City's Water Pollution Control (WPC) Facility has a 4,000-gallon above-ground storage tank used for storage of diesel fuel. The tank supplies both a vehicle fueling station and a 1,750 KW Caterpillar diesel engine. The Caterpillar diesel engine is used to generate electricity for emergency power. The current tank was found to be leaking and can no longer be used for fuel storage.

This project is to close and remove the existing tank, and to install a replacement tank in the existing concrete vault. The replacement will also have a 4,000-gallon capacity, but will be dual-walled with interstitial monitoring for leak detection. Installing a tank of equal fuel capacity will ensure that the WPC Facility continues to be prepared for periods of prolonged power generation when necessary. The dual-wall and interstitial monitoring capabilities will detect small leaks earlier, thereby prolonging the life of the tank as well as preventing spills of diesel fuel into the vault.

On July 10, 2012, City Council granted approval to issue a Notice to Bidders for the WPC Facility Diesel Tank Replacement Project. On August 1, 2012, the City received bids to provide all labor, equipment, materials, insurance, and other components necessary to complete the tank replacement project according to the City's plans and specifications.

A single bid was received as follows:

	Lump Sum Bid
Acterra Group, Inc. - Marion, Iowa	\$ 188,000

The FY 2012/13 Water Pollution Control budget includes \$140,000 for diesel tank replacement. A total of \$21,500 has already been allocated for design and inspections, and the engineer's construction estimate is \$145,000. The lone bid received exceeds the engineer's construction estimate and the authorized budget for this project.

Staff needs additional time to review the bid with the design engineer to determine why there were not more bidders and why the single bid received was higher than expected, and to determine whether accepting this bid is in the best interest of the utility.

ALTERNATIVES:

1. Receive the report of bids but take no action to award a contract at this time.
2. Award a contract to Acterra Group, Inc. of Marion, Iowa for construction services related to the Water Pollution Control Facility Diesel Tank Replacement Project on a lump-sum basis, in an amount not to exceed \$188,000.
3. Reject the bid and direct staff to rebid the work.

MANAGER'S RECOMMENDED ACTION:

The storage of emergency diesel fuel is a vital component of the WPC Facility. The current tank has failed and needs to be replaced. Water and Pollution Control Department staff members have worked closely with Snyder and Associates during the conceptual and design phases to design a replacement tank that will meet all of the needs of the WPC Facility, reduce environmental and regulatory risks, and minimize costs.

Staff needs additional time to review the bid with the design engineer to determine why there were not more bidders, why the single bid received was higher than expected, and whether accepting the bid is in the best interest of the utility.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby receiving the report of bids but taking no action to award a contract at this time.