

Agenda Report

TO: CITY COUNCIL **DATE:** JULY 23, 2007

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH GAS EQUIPMENT SYSTEMS, INC. TO PROVIDE LABOR AND MATERIALS FOR CONSTRUCTION OF A COMPRESSED NATURAL GAS (CNG) FUELING STATION

RECOMMENDATION

It is recommended that the City Council:

- 1) Accept the bid dated May 4, 2007, submitted by Gas Equipment Systems, Inc. and authorize a contract to Gas Equipment Systems, Inc. in an amount not to exceed \$886,695 for the construction of a CNG Fueling Station; and reject all other bids;
- 2) Amend the FY 2008 Capital Improvement Program to increase the total estimated cost of the *Installation of Time-fill/Fast-fill Refueling System at City Yards (71542)* project from \$1,000,000 to \$1,487,368; and
- 3) Approve a journal voucher recognizing and appropriating \$422,368 from the Fleet Maintenance Fund (503) balance to the *Installation of Time-fill/Fast-fill Refueling System at City Yards (71542)* project to fund construction.

BACKGROUND

In 1999, the Southern California Air Quality Management District (SCAQMD) released its Multiple Air Toxics Exposure Study II (MATES II), which identified diesel fuel particulates as a toxic air contaminant and the number one contributor to increased cancer risk among air pollutants. Compressed natural gas vehicles significantly reduce the amount of air contaminant emissions from vehicles. The City has purchased a number of compressed natural gas (CNG)

vehicles and the continuing effort to purchase these pollutant-reducing vehicles necessitates the City operating its own CNG fueling facility.

As part of the FY 2005 Municipal Buildings and Facilities Capital Improvement Program, Council approved a new project calling for the installation of a CNG fueling station at the City Yards. The station will utilize natural gas, compress it for storage in pressurized fuel cylinders, have multi-vehicle flexibility, and time-fill and fast-fill applications. This project will provide the main infrastructure and station construction to accommodate up to thirty CNG vehicles. The City's current CNG fleet includes fourteen dedicated CNG vehicles and six refuse packers retrofitted to operate on dual fuel (CNG and diesel). In addition, the City plans to purchase more CNG heavy-duty vehicles during upcoming replacement cycles. As the City's CNG fleet increases beyond thirty vehicles, future station expansion would include the installation of additional fueling posts and a compressor to accommodate this growth.

The contract to Gas Equipment Systems, Inc. for \$886,695 will cover labor and materials to install station equipment. Other required portions of this project, including design, engineering services, installation of electrical switchgear and transformers, installation of gas line piping, and block/concrete work will cost a total of \$320,670 and be supplied by other vendors and City workers, and are not part of the proposed contract with Gas Equipment Systems, Inc.

A Notice Inviting Bids was published on April 5, 2007. On May 4, 2007, three firms submitted bids. The bid results are as follows:

<u>BIDDER</u>	<u>AMOUNT</u>
Gas Equipment Systems, Inc. <i>Rancho Cucamonga, CA</i>	\$ 886,695
EFS West <i>Van Nuys, CA</i>	\$1,184,798
Weaver Construction <i>Anaheim, CA</i>	Noncompliant

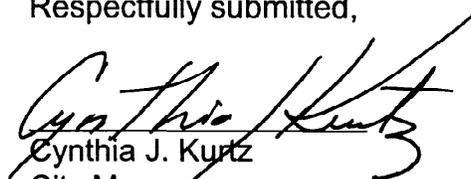
The lowest bid received was 18% higher than the Engineer's estimate of \$750,000 due to higher than anticipated costs of CNG Equipment and a one-year maintenance and service agreement. It is recommended that Gas Equipment Systems, Inc. be awarded this project, as they are the lowest responsive and responsible bidder. The proposed contract is in compliance with the Competitive Bidding and Purchasing Ordinance P.M.C.4.08.

FISCAL IMPACT

Total estimated cost for this CIP project, including future expansion, increased from \$1,000,000 to \$1,487,368 due to the rising costs of specialized equipment and services necessary for the project. However, additional funding for system expansion, estimated at \$280,000, is not required at this time. The Department will request funds to install additional posts and fueling equipment later when the number of CNG vehicles in the fleet exceeds the current system capacity.

Funds totaling \$785,000 are currently appropriated to CIP project *Installation of Time-fill/Fast-fill Refueling System at City Yards (71542)*. Sources of this funding include the City's Fleet Maintenance Fund and grant awards from the SCAQMD. An additional \$422,368 is required to complete project construction. These funds are available in the Fleet Maintenance Fund balance. City staff is also exploring options with the SCAQMD to mitigate the additional costs of this project.

Respectfully submitted,



Cynthia J. Kurtz
City Manager

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Reviewed by:



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Approved by:



Martin Pastucha
Director of Public Works

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment of 2000
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization, as follows:
(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name:
Gas Equipment Systems, Inc.

2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

Larry Ozier - President

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

N/A

Prepared by: Jeff Lucero

Title: Business Development Executive

Date: 05/03/07

For office use only: Contract/Transaction No. _____ If not a contract, type of transaction: _____
