



AGENDA MEMORANDUM

Future Item for the City Council Meeting of June 9, 2015
Action Item for the City Council Meeting of June 16, 2015

DATE: May 19, 2015

TO: Ronald L. Olson, City Manager

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Execute Design – Build Agreement
Ayers Street CNG Station

CAPTION:

Motion authorizing the City Manager, or designee, to execute a Design – Build Agreement with Zeit Energy, LLC. of Dallas, Texas in the amount of \$1,597,271.39 for the Ayers Street CNG Station Project for the Base Bid plus Contractor Proposed Pricing Options 1, 2 and 3.

PURPOSE:

The purpose of this Agenda Item is to obtain authority to execute the Design – Build agreement with Zeit Energy, LLC. of Dallas, Texas in the amount of \$1,597,271.39 for the Ayers Street CNG Station project for the Base Bid plus Contractor Proposed Pricing Options 1, 2 and 3.

BACKGROUND AND FINDINGS:

On November 19, 2013, City staff presented a Policy for establishing standards and requirements for purchasing CNG (compressed natural gas) vehicles. The City Council discussed the fuel and maintenance cost savings and emission reduction for cleaner environment that is afforded through the use of CNG. The City Council approved the procurement of CNG vehicles based on the standards described in the Policy. The City is providing CNG not only for City fleets but also for commercial fleets and private customers. The private fleets include US Post Office, AT&T, Nueces County, Rail Road Commission of Texas, Republic Services, CC Disposal, and private customers. The demand of CNG has increased almost double from 17,000 GGE (Gasoline Gallon Equivalence) to 33,000 GGE since November 2013. This project proposes the construction of a public CNG station to meet the rising demands of City fleets, commercial fleets and private customers.

This is a design-build turnkey project that includes engineering, design, permitting, construction, testing and commissioning of a CNG refueling station. The design-build approach focuses heavily on the qualifications of the design-builder and its key team members as well as price and subsequently selects design-build teams that have a demonstrated history of successfully collaborating on similar projects. Furthermore, the design-build procurement method uses a process that encourages the early participation of key trade constructors allowing the team to meet the City's need of identifying "hard" contract costs and budget ceilings in the first stages of project development. This early participation by the contractor establishes whether the target budgets will provide the essential solutions required.

To facilitate the for design-build construction of this CNG station, on January 12, 2015, the City issued Request for Qualifications (RFQ) 2015-01 soliciting qualifications and cost proposals for a Base Bid with two Additive Alternatives; Additive Alternative No. 1 for one year of maintenance, and Additive Alternate No. 2 for extended maintenance of two years.

The contractors were required to provide a Base Bid within a budget of \$1.5 MIL to include the minimum following requirements:

- Two fast-fill island fueling stations with two service points each including fill hoses and internal credit card readers with fill times no greater that standard gasoline/diesel fill times.
- Capacity for two (2) additional islands for future expansion.
- New compressor station with redundant equipment and emergency back-up generator for potential loss of power.
- Compliancy with all applicable State and Federal codes, regulations, and industry standards applicable to the operation and maintenance of the CNG fueling facility.
- Permit preparation, submission and approval with all associated cost for required permits.
- Training for the City's personnel for the operation, maintenance and repair of the facility.
- Alternate Pricing Options, the contractors were authorized and encouraged to provide alternative pricing options to enhance the value of the facility.

On February 18, 2015, the City received two (2) design-build team submissions for qualifications from Zeit Energy, LLC. from Dallas, Texas, and United Pump Supply Inc. from Houston, Texas. Both teams were determined qualified and invited to participate in further assessment. On March 18, 2015, the City received individually sealed Technical Proposals and Cost Proposals from both teams. After Technical Proposals were opened, it was discovered that United Pump Supply Inc. included their cost proposal information in their Technical Proposal. Pursuant to Texas Government Code section 2269.361, the City must first evaluate and score the technical proposal prior to considering the cost proposal. The City had to consider United Pump Supply's technical proposal as non-responsive, and therefore, United Pump Supply was disqualified. The Technical Proposal of Zeit Energy, LLC was evaluated and then the Cost Proposal was opened and evaluated.

The firm of Zeit Energy, LLC. was selected based on qualifications and cost proposal with a Base Bid for new CNG facility, complete and in place, for \$1,488,777.09 plus Additive Alternative No. 1 – \$30,000, and Additive Alternative No. 2 – \$60,000. Zeit Energy, LLC. also submitted six (6) alternate pricing options of which the following three were considered to add value and are recommended:

Option 1	Compressor Station upgrade increasing from 200HP to 250HP that results in cost savings in electrical service, labor and maintenance. The higher HP increases the fill rates reducing the fill times, compressor run times and electrical service.	\$42,426.48
Option 2	Priority Panel Upgrade to increase from 1/2" to a 1" Priority Panel that results in cost savings in electrical service, labor and maintenance. The increased line capacity reducing fill times, equipment run time and electrical service.	\$11,629.92
Option 3	Storage Capacity Upgrade to increase Storage Tank size that results in cost savings. The higher capacity reduces compressor operations and allows faster fill times.	\$54,437.90

ALTERNATIVES:

1. Authorize execution of the Design – Build contract.
2. Do not authorize execution of the Design - Build contract. (Not Recommended)

OTHER CONSIDERATIONS:

As allowed by the *Government Code Chapter 2269 Contracting and Delivery Procedures for Construction Projects and more specifically Subchapter H Design-Build Procedures for Certain Civil Works Projects*, in considering a construction contract using a method other than competitive bidding, the City “must, before advertising, determine which method provides the best value”.

CONFORMITY TO CITY POLICY:

This contract conforms to City Fiscal Policy, the City’s Charter and the FY 2014-2015 Capital Improvement Planning (CIP) Budget.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Gas Department

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget	\$600.00	\$2,219,800.00		\$2,220,400.00
Encumbered / Expended Amount	\$600.00			\$600.00
This item		\$1,597,271.39		\$1,597,271.39
Future Anticipated expenditures for this project		\$255,963.42		\$255,963.42
BALANCE	\$0.00	\$366,565.19		\$366,565.19

Fund(s): Gas CIP 2014-2015; Seq. No. 04 & 05

COMMENTS:

Funding for this project is coming from the approved Fiscal Year CIP under Gas Projects #04 Public Fill CNG Station and #05 Existing CNG Station Expansion.

RECOMMENDATION:

City Staff recommends the approval of the Design – Build contract with Zeit Energy, LLC. of Dallas, Texas in the amount of \$1,597,271.39 for the Ayers Street CNG Station Project for the Base Bid plus Contractor Proposed Pricing Options 1, 2 and 3 with no Additive Alternatives for maintenance.

LIST OF SUPPORTING DOCUMENTS:

Project Budget

Location Map
Presentation