

Should this item be pulled from the consent agenda the following motion is suggested:

POSSIBLE MOTION

I MOVE TO approve a request to create a Jarvis Bulk Tank Improvement Project for repairs in the amount of \$250,000 utilizing existing Blue Lake Bond Fund proceeds.



Memorandum

July 2, 2015

To: Mark Gorman, Municipal Administrator
From: Andy Eggen, Acting Utility Director
Erin Clay, Project & Regulatory Engineer
Subject: **Jarvis Bulk Tank Improvement Project**

Request:

The Electric Department requests the creation of a Jarvis Bulk Tank Improvement Project to address repairs identified during the recent API 653 Tank inspection and associated improvements. Project funding is requested in the amount of \$250,000. Please note that time is of the essence for some repairs as they are required prior to returning the bulk tank to service.

Background:

A routine API 653 tank inspection was performed in June 2015. Overall the bulk tank is in good condition. With some repairs, the Inspector stated that the tank would easily last another 20 to 30 years. Repairs to be performed include internal patching and reinforcement, recoating and installation of a new level alarm system. In conjunction with the repairs identified during the API 653 inspection, associated improvements include reinforcement of the containment wall and installation of a fill line to the centralized fuel truck unloading area. The project budget was developed based upon preliminary cost estimates from local vendors and the cost of similar work completed in the past.

Community Impacts:

As an islanded utility system, redundant generation is critical to providing reliable power for the community. The existing bulk tank provides sufficient diesel storage capacity to supply backup generation in the event of an extended hydro outage. Repairing the bulk tank is expected to extend the service life of the tank for another 20 to 30 years. Alternatively, the installed cost of purchasing a new tank (or tanks) to provide sufficient diesel storage capacity is estimated to be in excess of \$1,000,000¹. Investing in repairs to the existing bulk tank is by far the lowest cost solution to maintain sufficient fuel storage at Jarvis Street Diesel Plant.

Fiscal Note:

This work can be funded utilizing existing Blue Lake Bond Fund proceeds.

¹ The bulk tank replacement cost was estimated based upon the cost of the (2) 40,000 gallon tanks recently installed for the Jarvis Diesel Expansion Project.