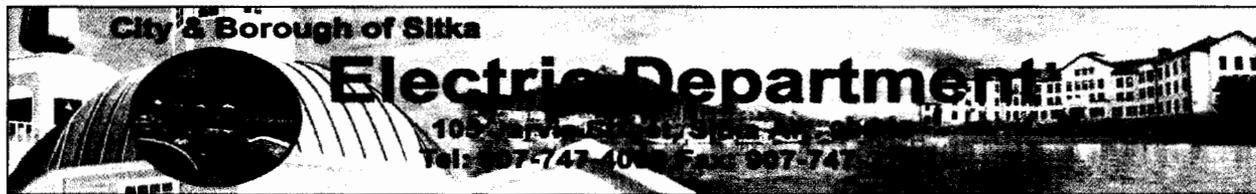


Should this item be pulled from the CONSENT the following motion is suggested:

SUGGESTED MOTION

I move to approve closing and transferring of the remaining project funds in CIP No. 90647 (Jarvis Tank Inspection) to CIP No. 90646 (Jarvis Street Diesel Capacity increase) to cover the additional costs for construction of the tank foundation pads, truck fueling station, fuel piping and valves, and to simplify project management and accounting.



March 31, 2014

To: Mark Gorman, Municipal Administrator
Via: Jay Sweeney, Finance Director
From: Christopher Brewton, Utility Director

Subject: Capital Project #90647 (Jarvis Tank Inspection) Close Out & Funds Transfer

I request Assembly approval to close out CIP No. 90647 (Jarvis Tank Inspection) and transfer remaining project funds to CIP No. 90646 (Jarvis Street Diesel Capacity Increase). There is approximately \$468,675 remaining in the Jarvis Tank Inspection budget. The Jarvis Street Diesel Capacity Increase project has incorporated the elements of the Jarvis Tank Inspection project and it is appropriate to combine this related work under one capital project.

The intent of the Jarvis Tank Inspection project was to construct a new 100,000 bulk fuel tank in preparation for the diesel expansion project and to provide fuel storage to conduct the required API 653 tank inspection on the existing single-wall, 200,000 gallon bulk fuel tank. The bulk fuel tank must be emptied to conduct a tank inspection while at the same time we must maintain an adequate fuel supply for the emergency diesel plant should a system outage occur. The challenge of course is to empty your bulk tank for inspection but keep adequate fuel on hand for an emergency. Our intent was to complete this project prior to the new diesel installation. However, while designing the new fuel system for the turbine generator, it became apparent our original concept for an additional 100,000 single-walled bulk tank was not the best option.

During engineering review of the proposed fuel system for the Solar Turbine, the manufacturer continually stressed the importance of fuel quality. Good fuel is the critical requirement to ensure trouble free operation of the Solar Titan 130 turbine-generator. To that end, the City rejected the option of a full time fuel oil purifier (\$338,588) and single-wall bulk tank, and elected to install a newly designed fuel oil filtration skid and fuel system. The system includes the fuel oil filtration skid, two (2) 40,000 gallon above ground double-walled fuel oil storage tanks, and necessary piping, valves, and controls to operate the fuel system. This arrangement has several advantages; it eliminates the constant maintenance and operation costs for a fuel oil centrifuge, provides a dedicated and redundant fuel supply for the diesel-turbine, provides means to polish our bulk fuel, and allows the storage of fuel from the main 200,000 gallon bulk fuel tank for future tank inspections.

To date, all fuel system related costs have been expended from the Jarvis Street Diesel Capacity Increase Project including \$374,400 for the purchase of the two 40,000 gallon fuel tanks, and \$88,400 for fuel boost pumps. However, there are additional costs pending for the construction of the tank foundation pads, truck fueling station, and fuel piping and valves. I believe it will simplify project management and accounting to combine these related projects.