



# Memorandum

September 4, 2013

To: Jay Sweeny, Interim Municipal Administrator  
From: Christopher Brewton, Utility Director  
Subject: **Jarvis Street Diesel Capacity Increase - Award of Contract - Supply of Bulk Fuel Tanks**

**Request:**

I request Assembly approval authorizing the Municipal Administrator to issue Schmolck Mechanical Contractors a Notice of Award and enter into an agreement for supply of two (2) 40,000 gallon fuel tanks. The base contract amount would be \$286,000 plus an additional \$125,000 for procurement and installation of fuel piping, fuel forwarding pumps, fuel truck loading manifolds, field services, and contingency for a total contract cost of \$411,000.

**Background:**

The City and Borough of Sitka posted the Request for Proposals on June 18, 2013 and bids were received from one (1) bidder and opened on July 19, 2013 as noted below. The bid results are as follows:

<u>Company</u>	<u>Base Bid</u>
Schmolck Mechanical Contractors	\$286,000

**Analysis:**

The sole bid meets all technical requirements and is deemed a responsive bid. Schmolck is a licensed mechanical contractor and will be utilized to install the fuel tanks and associated infrastructure. Fuel quality is a critical issue for this project and Solar Turbines have expressed significant concerns about fuel quality. In fact, we are working closely with a Solar Consultant to develop and build a fuel conditioning skid that will allow extensive fuel filtering and treatment. The key component in ensuring a long, happy life for the turbine is consistent fuel quality.

Two new fuel tanks along with the fuel polishing skid will ensure our capability to provide clean fuel that meets Solar specifications as well as providing a new capability to condition fuel from the existing diesel bulk fuel storage tank.