



City Council Report

Date: August 24, 2009
To: City Council
Through: Jack Friedline, Deputy City Manager
From: Elizabeth Huning, City Engineer
Subject: Castillo Nuevo Gas Line Replacement - 3300 East Broadway Road
City Project 01-531-003
Council District 2

Strategic Initiatives



Purpose and Recommendation

The purpose of this report is to provide information to the Council on the results of the bids received for the Castillo Nuevo Gas Line Replacement, 3300 East Broadway Road, (See Exhibit "A" for project location).

It is recommended that the Council award this project to the low bidder, Arizona Pipeline Company, for a total award of \$231,468.49.

Background

Castillo Nuevo Mobile Home Community (the "Park") was constructed in 1971-1972 with all utilities being located in rows between the trailers. There was no utility easement granted for the utility corridors between the trailers. Gas meters were located primarily near the trailers. Over time, structures were added to the trailers such as sheds, additions and car ports. Also, old trailers were removed and replaced with longer trailers. Encroachments occurred as a result of the new structures and longer trailers being built over the gas lines going from the gas mains to the gas meters as well as over the gas lines between the trailers.

On July 31, 2007, the City notified the Arizona Commission Corporation (the "ACC") that encroachments to portions of its natural gas pipeline system existed on approximately 92 of the properties at the Park. The notification to the ACC included a three-year plan to correct the existing encroachments. The plan was accepted by the ACC on September 19, 2007.

Based on the Arizona Administrative Code (the "Code"), the City, as pipeline operator, decided that the most economical and practical solution to correct the existing

encroachments was to require the Park operator to pay a non-refundable Contribution In Aid of Construction ("CIAC") of \$125,000 to help the City offset the cost of relocating the gas lines.

The City initiated discussions with the Park's owner, HCA Management LLC ("HCA") in July 2007 to determine their willingness to provide payment to the City for correction of the gas line encroachments. As a result of the discussions, HCA hired their own consultant with experience in plumbing and natural gas to evaluate the encroachments and propose a modified plan. The modified plan was reviewed by the Energy Resources Department personnel and Gas Engineering, further modified by the City, and resubmitted to HCA as a final plan.

Discussion

The final correction plan includes replacement of 2,200 linear feet of 2-inch steel gas pipe, 900 linear feet of 1-inch steel gas pipe and 4,400 linear feet of ¾-inch steel gas pipe with 2,200 linear feet of 2-inch polyethylene ("PE") gas pipe, 1,000 linear feet of 2-inch steel gas pipe, 2,850 linear feet of 1-inch PE gas pipe and 1,550 linear feet of ½-inch PE gas pipe as well as relocation of 83 gas meter set assemblies. Service lines and gas meter set assemblies were located immediately adjacent to the new gas main to avoid any future encroachments or conflicts with City facilities.

Alternatives

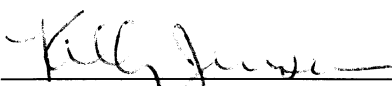
An alternative would be not to proceed with this project and not to correct the gas line encroachments. This alternative is not recommended since the City will be in violation of the Code and face penalties and fines from the ACC.

Fiscal Impact

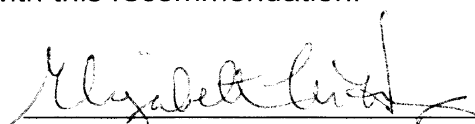
The recommended total award of this project is \$231,468.49, which consists of a low bid of \$210,425.90 plus an additional \$21,042.59 (10% allowance for change orders). This project is funded from the FY 09/10 Gas Bond Capital Program. HCA will also provide a non-refundable Contribution In Aid to Construction (CIAC) of \$125,000 towards the installation costs.

Coordinated With

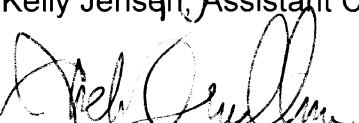
The Energy Resources Department concurs with this recommendation.



Kelly Jensen, Assistant City Engineer



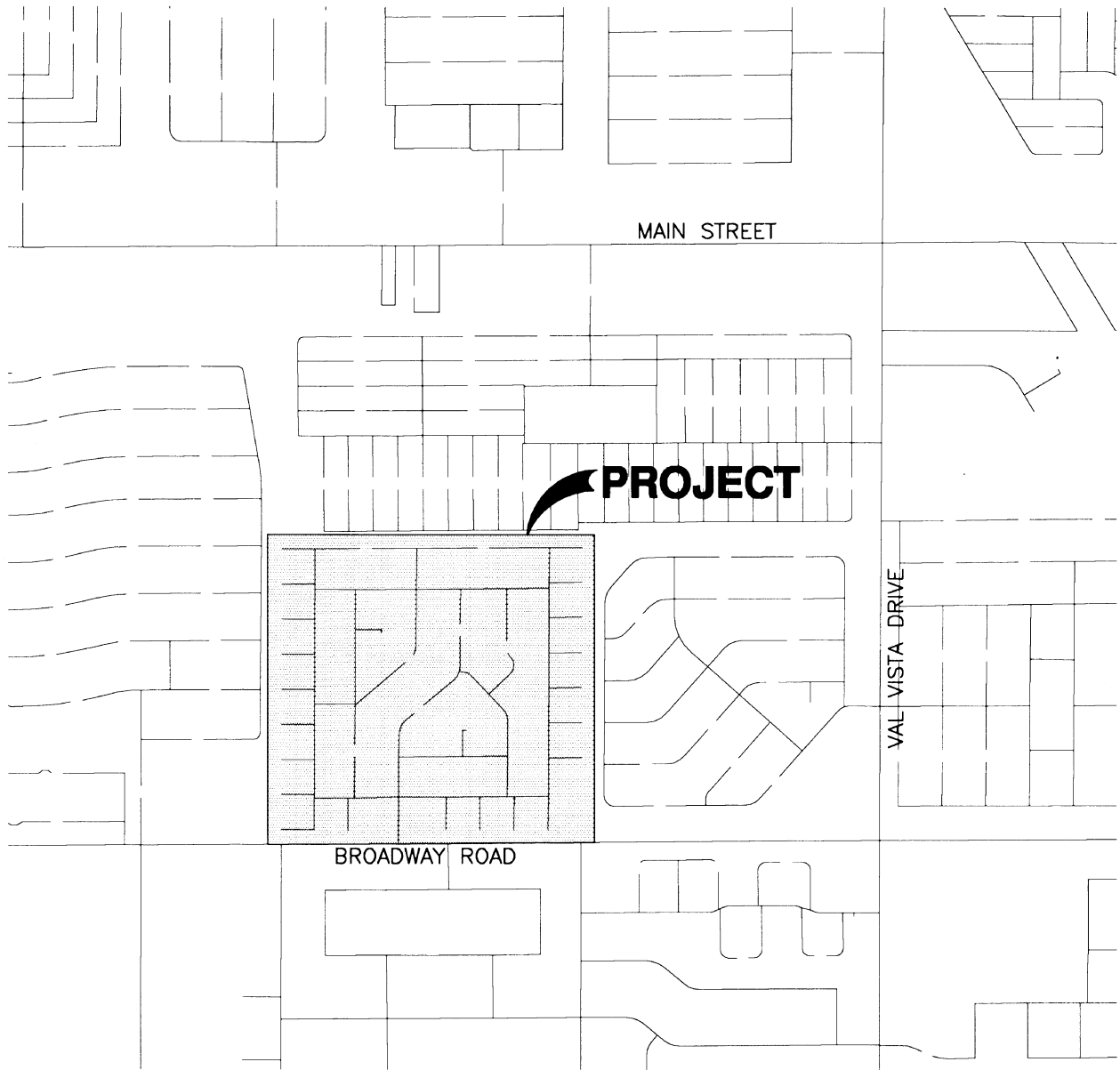
Beth Huning, City Engineer



Jack Friedline, Deputy City Manager



EXHIBIT "A"



DATE SAVED: 3/31/09 0:\01-531-003 CASTILLO NUEVO GAS LINE REPLACEMENT\CAD\3300 BROADWAY COUNCIL MAP.DWG

**PROJECT LOCATION MAP
GAS LINE REPLACEMENT
3300 E. BROADWAY ROAD
PROJECT NO. 01-531-003**



NORTH

CITY OF MESA
MESA, ARIZONA

CASTILLO NUEVO GAS LINE REPLACEMENT, 3300 E. BROADWAY RD.

PROJECT NO. 01-531-003

Tabulation of Bids Received, Thursday, June 25, 2009, at 2:00 P.M.

ENGINEER'S ESTIMATE	\$261,924.00
1. Arizona Pipeline Company	\$210,425.90
2. NPL Construction Company	\$314,454.60