



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: NOVEMBER 1, 2004

ITEM NUMBER: \_\_\_\_\_

**SUBJECT:** AWARD CONTRACT FOR PROFESSIONAL ENGINEERING SERVICES FOR THE REMEDIATION OF FUEL LEAKS FROM UNDERGROUND STORAGE TANKS

**DATE:** OCTOBER 20, 2004

**FROM:** PUBLIC SERVICES DEPARTMENT/MAINTENANCE SERVICES

**PRESENTATION BY:** WILLIAM J. MORRIS, PUBLIC SERVICES DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** BRUCE HARTLEY, MAINTENANCE SERVICES MANAGER, 714-754-5164

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## **RECOMMENDATION:**

It is recommended the City Council:

1. Approve a Professional Services Agreement with Atlas Environmental Engineering, Inc., 15701 Chemical Lane, Huntington Beach, CA 92649, with an initial term of five years, with a first-year amount not to exceed \$475,000, with subsequent years not to exceed \$200,000 per year, for professional engineering and related services for the remediation of fuel leaks from underground storage tanks contingent upon funds being budgeted in subsequent years; and
2. Authorize the City Manager to execute up to three (3) additional one-year periods, beyond the initial five-year term, each in an amount not to exceed \$200,000, for a maximum term not to exceed eight (8) years, contingent upon funds being budgeted in these years.

## **BACKGROUND:**

The city has three locations where work is required to meet current underground storage tank (UST) regulation/remediation requirements. These locations are as follows:

- In 1996 a gasoline leak occurred at the City's fueling station located at the Corporation Yard, 2310 Placentia Ave. That release of fuel has been in the remediation (clean up) process for approximately eight years. Recent testing confirms the spilled product has been removed and the site may be nearing closure within the next year. The FY 2004-05 budgeted amount for this site is \$35,000.

- Fire Station #1, located at 2803 Royal Palm Drive, experienced a leak from a pressurized product supply line over a longer duration. This leak was discovered during State mandated system upgrades approximately two years ago. The tanks were removed. The remediation process will begin under the proposed agreement with Atlas Engineering. This will likely be a multi-year project. The FY 2004-05 budgeted amount for this site is \$300,000.
- The fueling site at the Police Facility, 99 Fair Drive, was found to have a potentially minor leak during recent system upgrades. The facility is still in service and meets all current regulations for storing and dispensing fuel. The remediation process for this site will also begin under the proposed agreement. This project is anticipated to be a one or two year project, but will have a more definite time line established after further site investigation is completed. The FY 2004-05 budgeted amount for this site is \$140,000.

The process for remediation of fuel leaks from underground storage tanks (UST's) typically begins when a UST owner (in this case the City) undertakes State or Federally mandated system upgrades. When secondary containment systems for liquid fuel products or vapor are either added or modified, it typically requires excavation of some portion of the fuel storage or dispensing system by a specialty contractor, licensed for working on UST fuel systems. At the time the site is excavated, the County of Orange, Health Care Agency, Environmental Health Division, (OCHD) requires that an inspector be present. In the case of two of the City's three sites, these excavations occurred approximately 24 months ago. The Corporation Yard leak occurred in approximately eight years ago. At the time of the excavation of the Police Facility and Fire Station #1 sites, the County inspector found sufficient evidence of fuel-contaminated soil to direct the City to undertake additional site investigations. This process involves hiring a qualified engineering firm to prepare a work plan for additional site investigation that is satisfactory to the County prior to beginning any further work.

Once the work plan is approved, the City may begin the next phase of work. The purpose of the next phase is to define the magnitude (depth, quantity and potential movement) of the leak. Once this phase is complete, the next phase is the preparation of a work plan that will define the remediation measures that will address the defined contamination. Once approved by the County, the City initiates the required work through an appropriately licensed environmental engineering consultant or contractor that will provide the necessary installation and maintenance of the remediation equipment. In addition, the consultant/contractor must perform monthly testing and report preparation as required by OCHD, the South Coast Air Quality Management District and the Regional Water Quality Control Board.

Staff has determined that it is most cost effective to combine the work required at the three above-mentioned locations into one project. Based on staff estimates, the first-year cost of the project includes approximately \$100,000 for the scope of work contained in the OCHD approved work plans contained in the RFP document. Additional phases of work will be required by OCHD within the first year of the contract, estimated at an additional \$200,000 to \$250,000. A contingency of \$125,000 is also necessary, based on prior experience, should the extent of the underground contamination be determined to be of greater magnitude than initially anticipated.

## **ANALYSIS:**

A Request for Proposal (RFP) was advertised in local publications and directly mailed to firms on the City's list of licensed vendors for environmental engineering services. A mandatory pre-proposal meeting was conducted for all firms interested in proposing on the Fuel Leak Remediation Services project. Eight companies were in attendance. Subsequently, four companies participated in the RFP process by submitting a proposal for the requested services.

City staff completed a thorough review and evaluation of the four proposals received. The proposals were ranked based on three weighted factors: 1) The quality of the technical response to the scope of services; 2) The qualifications and references of the company proposing on the scope of services; and 3) The competitiveness and value of the pricing offered.

Based on the evaluation process, Atlas Environmental Engineering, Inc. (Atlas) was determined to be well qualified to perform the required work. Atlas has performed other work for the City; most notably the fuel remediation, monitoring and reporting for the Corporation Yard fuel spill project begun over eight years ago.

The proposed contract is for an initial five-year period. Staff believes it is important to have a long-term agreement such as the one proposed, due to the size and extent of the remediation required. Also, long-term coordination of the project with the County is essential due to the many deadlines imposed for different phases of the clean up. However, the City, with a thirty-day notice, may terminate the contract at any time.

Three one-year optional renewals are included in the agreement. The renewals would allow for the agreement to continue with both parties approval on a year-to-year basis, for three years after the initial contract. This would save the cost and disruption of annually re-bidding the contract as long as the work is satisfactory. The recommendation included in this report would authorize the City Manager to extend the contract annually under certain conditions for up to three years, without having to bring it back to Council for consideration. The contract would only proceed beyond the first year, and in subsequent years if the necessary funding were approved by the City Council in the annual budget process.

## **ALTERNATIVES CONSIDERED:**

1. The City Council could choose to award the contract for professional engineering and related services for the remediation of fuel leaks from underground storage tanks at three locations to Atlas Environmental Engineering, Inc.
2. The City Council could award a contract to one of the other three firms that proposed on the project.
3. The City Council could reject all proposals and direct staff to re-advertise the work. However, certain near-term deadlines imposed by the County for remediation of the leaks would not likely be met.

**FISCAL REVIEW:**

Sufficient funding for the first year of the contract has been budgeted and is available for appropriation to this agreement in the approved 2004-2005 fiscal year Capital Improvement Program Budget.

**LEGAL REVIEW:**

The City Attorney's office has reviewed the documents and approved them as to form.

**CONCLUSION:**

The City has been directed by the County of Orange, Health Care Agency, Division of Environmental Health to begin the remediation process at two City-owned underground fuel tank storage sites and to continue until 'close out' on a third site. These sites are the Police Facility, 99 Fair Drive, Fire Station #1, 2803 Royal Palm Drive and the Corporation Yard, 2310 Placentia Avenue.

In order to comply with Federal, State and County requirements for maintenance of underground storage tanks, and remediation of any leaks, it is recommended the City Council approve a Professional Services Agreement with Atlas Environmental Engineering, Inc. with an initial term of five years, in a first-year amount not to exceed \$475,000, with subsequent years not to exceed \$200,000, for professional engineering and related services for the remediation of fuel leaks from underground storage tanks contingent upon funds being budgeted in subsequent years; It is also recommended that the City Council authorize the City Manager to execute up to three (3) additional one-year periods, beyond the initial five-year term, each in an amount not to exceed \$200,000, for a maximum term not to exceed eight (8) years.

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BRUCE A. HARTLEY  
Maintenance Services Manager

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WILLIAM J. MORRIS  
Director of Public Services

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MARC R. PUCKETT  
Director of Finance

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TOM WOOD  
Acting City Attorney

ATTACHMENTS: 1 [Professional Services Agreement](#)

DISTRIBUTION: City Manager  
City Attorney  
Deputy City Clerk  
Public Services Director  
Staff  
File

C: Karl Kerner  
Atlas Environmental Engineering, Inc.  
15701 Chemical Lane  
Huntington Beach, CA 92649

File Name 110104-Atlas Environmental Fuel Leak Remediation Staff Report

Date 10/20/04

Time 4:00 p.m.