



mesa·az

AGENDA  
ITEM 49  
DATE 12-1-08

## City Council Report

**Date:** December 1, 2008  
**To:** City Council  
**Through:** Jack Friedline, Deputy City Manager  
**From:** Elizabeth Huning, City Engineer  
**Subject:** CMC Steel Gas Service and Meter Set  
City of Mesa Project No. 01-529-005  
Council District No. 6

### **Purpose and Recommendation**

The purpose of this report is to provide information to the Council on the results of the bids received for Project No. 01-529-005, CMC Steel Gas Service and Meter Set (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 \$101,546.72.

### **Background**

The purpose of this project is to install a new gas service line and meter set assembly to serve the new CMC Steel manufacturing facility on the northwest corner of Germann and Meridian Roads. CMC Steel is currently under construction building a new steel re-bar manufacturing facility at this location. The new natural gas service line will extend from Germann Road north onto the plant site to provide natural gas for the steel pre-heating process in the production of steel structural re-bar.

### **Discussion**

The new gas service includes 2,500 linear feet of 4-inch steel gas pipe. The gas meter set assembly will be fabricated and installed on CMC property approximately 300 feet from their facility.

The installation of this size natural gas piping is a specialty contracting service due to the nature of the work to ensure safety and conform to regulatory requirements. There are nine pre-approved gas line contractors who bid this type of work for the City. The City received one bid for this project. Other contractors were contacted to see why they didn't bid the work and staff was told they either didn't see the project advertised or they were too busy with other projects. Staff evaluated the bid and recommend awarding the project to Arizona Pipeline Company since the bid was within five percent (5%) of the engineering estimate.

The City has estimated that this new facility will use approximately 780,000 therms of gas annually by the fourth year of operation, which equates to approximately \$250,000 of annual revenue. The initial installation costs are estimated to be paid back by the third year of operation. The estimated revenues would make this the fourth largest natural gas customer in the City of Mesa.

Community Impact – Temporary impacts to the area will include construction noise and dust. A majority of the work is confined to CMC property. Once work is started, project completion is anticipated within thirty (30) calendar days.

### **Alternatives**

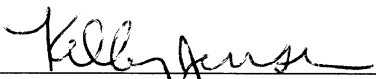
An alternative would be to not proceed with this project and not install the gas service and meter set. This is not recommended since the City has an agreement with CMC Steel to provide natural gas service and would not be able to operate their facility without natural gas service.


### **Fiscal Impact**

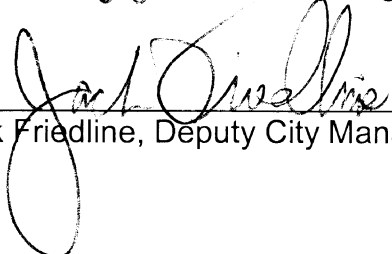
The recommended total award of this project is \$101,546.72, which consists of a low bid of \$92,315.20 plus an additional \$9,231.52 (10% allowance for change orders). This project is funded from the Adopted FY 08/09 Gas Bond Capital program.

### **Coordinated With**

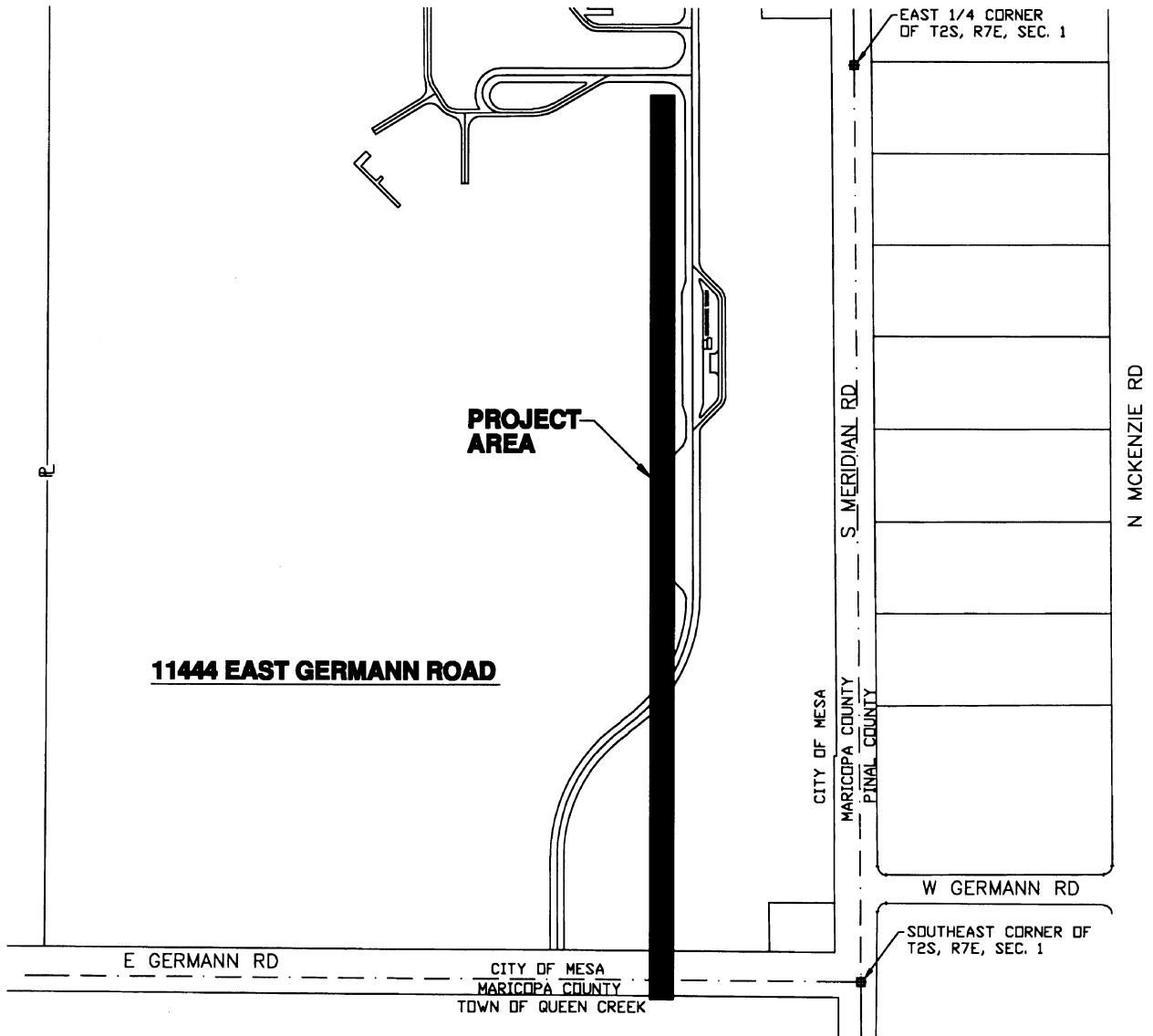
The Utilities Department concurs with this recommendation.

  
\_\_\_\_\_  
Kelly Jensen, Assistant City Engineer

  
\_\_\_\_\_  
Elizabeth Huning, City Engineer

  
\_\_\_\_\_  
Jack Friedline, Deputy City Manager

**VICINITY MAP**  
**CMC STEEL GAS SERVICE AND METER SET**  
**QUARTER SECTION 0357D**  
**C.O.M. PROJECT NO. 01-529-005**



**LOCATION MAP**

N.T.S.



**EXHIBIT "A"**



ESPROJECT/GAS/GAS DRAWINGS/CMC STEEL/VICINITY-SITE/CMC VICINITY.dwg

Budget Information:  
FY 08/09 Gas Bond Capital Program

CITY OF MESA  
MESA, ARIZONA


CMC STEEL GAS SERVICE AND METER SET  
(Northwest Corner of Germann Road and Meridian Drive)

**PROJECT NO. 01-529-005**

Tabulation of Bids Received, Thursday, October 30, 2008, at 1:00 P.M.

<b>ENGINEER'S ESTIMATE</b>	<b>\$91,600.00</b>
1. Arizona Pipeline Company	\$92,315.20

Recommend award to low bidder, Arizona Pipeline Company (SOLE BIDDER), in the amount of \$92,315.20 plus an additional \$9,231.52 (10% allowance for change orders) for a total award of \$101,546.72.

  
\_\_\_\_\_  
Jack Friedline  
Deputy City Manager