



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	4/26/2022
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10839 – A Resolution of the City Council Ratifying the City Manager’s Authorization for Emergency Replacement of the On-Site Fuel Tanks at the City of Folsom Corporation Yard, Determining the Project is Exempt from CEQA, and Appropriation of Funds
<b>FROM:</b>	Public Works Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

The Public Works Department recommends that the City council pass and adopt Resolution No. 10839 – A Resolution of the City Council Ratifying the City Manager’s Authorization for Emergency Replacement of the On-Site Fuel Tanks at the City of Folsom Corporation Yard, Determining the Project is Exempt from CEQA, and Appropriation of Funds.

### **BACKGROUND / ISSUE**

The current Corporation Yard fuel tanks are over 30 years old and have exceeded their useful life. The diesel tank has a slow leak and is unrepairable. Emergency operations planning typically recommends keeping two weeks’ worth of fuel in reserve; the diesel tank allows for less than 12 hours reserve, and the unleaded tank is approximately 75% undersized compared to current industry best practices.

### **POLICY / RULE**

Folsom Municipal Code Section 2.36.150, Emergency Procurement, provides that the City Manager shall make, or authorize others to make, emergency procurement of supplies, equipment, services, or construction items when there exists a threat to public health, welfare, or safety, provided that such emergency procurement shall be made with sufficient competition as is practicable under the circumstances.

## **ANALYSIS**

Current industry best practices and emergency operations planning guidelines recommend keeping a minimum two week fuel reserve. Obtaining the best pricing on fuel requires purchasing a full truck and tanker load (roughly 9,000 gallons) of product. Tanks may only be filled to 80% of their rated capacity to allow for product expansion due to thermal changes. These factors, combined with the City's average fuel usage over the last five years, result in recommended tank sizes of 18,000 gallons for unleaded gasoline and 23,000 gallons for diesel fuel. Depending on the pricing of prefabricated tanks, purchasing slightly larger capacity tanks may be more cost effective.

The City Corporation Yard's current fuel station consists of a 4,000 gallon unleaded gasoline tank and a 2,000 gallon diesel tank. Both tanks are repurposed, single-walled former underground storage tanks, mounted above ground, and co-located within a secondary containment structure along with a central tank product fill station and four product dispensing pumps.

Modern, purpose-built aboveground storage tanks are double-walled, with their required secondary containment built into the tank itself. Modern tanks typically do not require an additional secondary containment structure.

The current secondary containment structure and infrastructure can be reused with new equipment but will only accommodate one of the new tanks, most likely the unleaded gasoline tank. The new diesel tank will need to be installed at a different location within the Corporation Yard.

The City Manager authorized the emergency procurement for construction services under the existence of threat to public health, welfare, and safety, pursuant to Folsom Municipal Code Section 2.36.150, Emergency Procurement.

While not required by the Municipal Code, this matter is being presented to the City Council for the Council's awareness and ratification. Staff is recommending that the City Council ratify the City Manager's authorization for the emergency work and appropriation of funds with a determination that the current condition of the tanks poses an immediate threat to the public's health, safety and welfare pursuant to Folsom Municipal Code Section 2.36.150. Staff is recommending that this emergency procurement be used to select a contractor through a competitive bidding process.

## **FINANCIAL IMPACT**

The emergency procurement was not anticipated in the FY 2021-22 General Fund (Fund 010) Operating Budget, therefore staff is requesting an additional appropriation in the General Fund in an amount not-to-exceed \$1,000,000. The additional appropriation will come from the General Funds current fund balance, which is currently available for this procurement.

Given the immediate lower per-gallon cost of fuel that will be purchased less frequently but in greater quantities, the projected return on investment is less than 10 years.

No significant revenue is anticipated from the sale of the existing equipment.

**ENVIRONMENTAL REVIEW**

This emergency replacement project is exempt from the requirements of the California Environmental Quality Act per Section 15269(b) and (c), Emergency Projects.

**ATTACHMENT**

Resolution No 10839 - A Resolution of the City Council Ratifying the City Manager's Authorization for Emergency Replacement of the On-Site Fuel Tanks at the City Corporation Yard, Determining the Project is Exempt from CEQA, and Appropriation of Funds

Submitted,



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Mark Rackovan, PUBLIC WORKS DIRECTOR

**RESOLUTION NO. 10839**

**A RESOLUTION OF THE CITY COUNCIL RATIFYING THE CITY MANAGER'S AUTHORIZATION FOR EMERGENCY REPLACEMENT OF THE ON-SITE FUEL TANKS AT THE CITY OF FOLSOM CORPORATION YARD, DETERMINING THE PROJECT IS EXEMPT FROM CEQA, AND APPROPRIATION OF FUNDS**

**WHEREAS**, the Corporation Yard fuel tanks are over 30 years old and have exceed their useful life; and

**WHEREAS**, the diesel fuel tank located at the Corporation Yard has an unreparable slow leak; and

**WHEREAS**, both of the fuel storage tanks at the Corporation Yard are undersized compared to current industry best practices and emergency operations planning guidelines; and

**WHEREAS**, the City Manager made a determination for emergency procurement for construction services under the existence of threat to public health, welfare and safety, pursuant to Folsom Municipal Code Section 2.36.150, Emergency Procurement; and

**WHEREAS**, staff will conduct a competitive bidding process prior to awarding the contract for this project; and

**WHEREAS**, the project is exempt from CEQA; and

**WHEREAS**, sufficient funds are available in the General Fund (Fund 010); and

**WHEREAS**, the agreement will be in a form acceptable to the City Attorney.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom hereby ratify the City Manager's emergency procurement of construction services for the emergency replacement of the Corporation Yard fuel tanks.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the Finance Director is authorized to appropriate the amount bid by the successful contractor in the competitive bidding process, not to exceed \$1,000,000 from the General Fund (Fund 010), from current available fund balance for the Corporation Yard fuel tank emergency replacement procurement.

**PASSED AND ADOPTED** this 26th day of April 2022, by the following roll-call vote:

**AYES:** Council Member(s):  
**NOES:** Council Member(s):  
**ABSENT:** Council Member(s):  
**ABSTAIN:** Council Member(s):

Kerri M. Howell, MAYOR

ATTEST:

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Christa Freemantle, CITY CLERK

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