



## **CITY COUNCIL STAFF REPORT**

**From: City Manager**

**Report Type: Action**

**Lead Department: Utilities**

**Meeting Date: February 13, 2023**

### **TITLE**

Approval of a 6-year Contract with Manesco Corporation in an Amount Not-to-Exceed \$697,326 to Conduct Annual Walking and Mobile Gas Leak Surveys and Annual Resurveys of Existing Gas Leaks to Begin March 2023 (\$633,932) and Authorization of Contract Contingency (\$63,393); CEQA status—exempt under CEQA Guidelines sections 15301(c) and 15308.

### **RECOMMENDATION**

Staff recommends that the City Council:

1. Approve and authorize the City Manager or designee to execute Contract No. C23185369 with Manesco Corporation in the amount of \$633,933 to conduct annual walking and mobile gas leak surveys and annual resurveys of existing gas leaks for a six-year term to begin March 2023 through February 2028; and
2. Approve a 10% contingency of \$63,393 in addition to the contract amount.

### **BACKGROUND**

The City of Palo Alto owns and operates five utilities (water, gas, wastewater collection, electric, and fiber optic) and delivers gas to over 24,000 residential and commercial meters. The Utilities Department maintains and operates over 210 miles of distribution main and approximately 17,395 individual gas service pipelines. The distribution main pipeline material is comprised of polyethylene (PE) pipe, coated steel, polyvinyl chloride (PVC), and acrylonitrile butadiene styrene (ABS).

Maintenance of the gas distribution system includes the annual walking and mobile gas leak surveys in accordance with federal regulations established by the United States Department of Transportation (DOT) in Title 49 of the Code of Federal Regulations (CFR) Part 192.723. Federal regulations require leaks surveys be performed (1) in business districts at intervals not exceeding 15 months, but at least once each calendar year and (2) outside business districts as frequently as necessary, but at least once every five calendar years at intervals not exceeding 63 months.

Palo Alto Utilities completes leak surveys in the City's business districts annually but takes a more proactive approach to leak identification outside of business districts by surveying the entire system every two years instead of the DOT-mandated minimum of every five years. The leak survey enables the City to improve its infrastructure, increase safety, and reduce the inadvertent discharge of greenhouse gasses. Gas surveying has been contracted out by the Utilities Department for over the past 20 years due to internal resource constraints and lack of specialized leak detection equipment for mobile surveys.

## **DISCUSSION**

The gas distribution system is split into a grid system by northern and southern sections. Each year the annual gas leak survey is performed using four methods: (1) a mobile survey of all gas mains, northern and southern sections of the distribution system; (2) a walking survey of each gas service in either the northern or southern section of the City; (3) a walking survey of each of the City's business districts; and (4) a re-check of all grade 3 (or non-hazardous leaks) gas leaks carried over from the previous year.

Each section is leak surveyed annually, for one complete survey of the City every two years. The fourteen principal business districts throughout the City (consisting of over 1,870 gas services) are surveyed annually. Lastly, all non-hazardous leaks that were not repaired the previous year are carried over to the next year for leak surveying. These carry over leaks consist of approximately 120 annually. Grade 3 leaks are considered as non-hazardous at the time of detection and can be reasonably expected to remain non-hazardous.

The City's gas operations division within the Utilities Department conducts an annual mobile survey that checks every gas main in the City and walks every service line in each of the fourteen identified business districts. The mobile survey includes tests of the atmosphere near gas mains; in gas, electric, telephone, sewer, and water system manholes; at cracks in the pavement and sidewalks; and at other locations offering an opportunity to find gas leaks.

Natural movement in the ground as well as human impacts can cause small leaks in the system that would not necessarily be identified until they became larger and more hazardous. The walking leak survey involves a qualified technician carrying gas detection equipment and walking every gas service line and evaluating every gas meter in the portion of the City being surveyed.

## **BID PROCESS DISCUSSION**

On July 12, 2022 the City posted a notice inviting formal bids (IFB) for the Gas Leak Survey on the City's electronic procurement system, PlanetBids. The bidding period was 15 calendar days. The City received three bids from qualified contractors on July 27, 2022 as listed in Attachment B, bid summary.

## **Summary of Solicitation Process**

Proposal Description/Number	RFQ #185369
Proposed Length of Project	6 Years
Number of Bid Packages Downloaded by proposers	17
Number of Websites	1 (PlanetBids)
Total Days to Respond to Proposal	15
Number of Proposals Received	3
Base Bid Price Range	\$ 487,104 to \$3,405,342
Public Link to Solicitation	<a href="#">PlanetBids Link</a>

## Bids

Company Name	Address
Heath Consultants Inc	9030 Monroe Rd, Houston, TX 77061
Manesco Corporation	28301 Industrial Blvd. # Q, Hayward, CA 94545
Southern Cross	192 Technology Parkway Suite 500, Peachtree Corners, GA 30071

Staff reviewed the three bids and deemed one of the bids as nonresponsive, due to the contractors' errors in the calculations of all the bid in accordance with the requirements of the invitation for bids. Those contractors were notified that their bids were nonresponsive, and no bid protests were received. Manesco Corporation was determined to be the lowest responsible bidder.

## TIMELINE, RESOURCE IMPACT, POLICY IMPLICATIONS

Funding for the 2023 gas leak rechecks survey, which is scheduled to begin in March 2023, as well as the walking and mobile surveys in 2023, is available in the FY 2023 Gas Operating budget. Funding for contract years two through six are contingent upon Council appropriation and approval of funds through the annual budget process.

Authorization of this contract does not represent any change to existing policy.

## STAKEHOLDER ENGAGEMENT

The City will provide notification of the Gas Leak Survey via the City website and social media platforms.

## ENVIRONMENTAL REVIEW

Council's approval of this term agreement for gas leak surveys and gas leak rechecks is categorically exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines 15301(c) (operation, repair, maintenance of existing facilities), and 15308 (actions by regulatory agencies for protection of the environment), thus no environmental review is required.

**ATTACHMENTS**

Attachment A: Manesco Corporation; Contract #C23185369

Attachment B: Gas Leak Survey Summary Bid Table

**APPROVED BY:**

Dean Batchelor, Director Utilities

Report #: 2212-0473