

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	November 7, 2022
Action Required:	Approve resolution
Presenter:	Michael Goddard, Facilities Development Manager
Staff Contacts:	Harold Young Scott Hendrix Chris Cullinan, Director of Finance Kristel Riddervold, Environmental Sustainability Manager
Title:	Appropriating \$700,000 from the CIP Contingency to Avon Fuel Station Replacement Project (2nd reading)

Background

Per the Petroleum Underground Storage Tank Financial Responsibility Requirements Regulation, specific annual insurance coverage is required. The City has faced increased challenges and costs associated with obtaining required insurance coverage for the Avon Street Fueling Station. The adopted FY 2019 Capital Improvement Programs (CIP) included funding for the Avon Fuel Station (P-00980) was funded at \$520,000. An additional \$271,754.74 was transferred to the project in 2021 from surpluses in other project budgets. The project has been put out for bid three separate times and each time the bids received totaled more than the available project budget. Additional funds are needed to complete the project.

Discussion

The project for the Avon Fuel Station involves full replacement of the underground fuel storage system with an aboveground fuel storage system that provides for reduced compliance risk. Design work is complete. Plans were submitted to Albemarle County Department of Community Development and are undergoing site plan review/approval. This project is planned to be bid out for construction in the winter with construction planned for Spring/Summer 2022. We have completed three rounds of bidding for the Avon Fuel Station project and based on those bid prices are confident that the project, as designed; will require approximately \$1.45 million in funding to replace the tanks and install a security gate to protect the fuel site. CITY OF CHARLOTTESVILLE, VIRGINIA CITY COUNCIL AGENDA It is our recommendation that this funding deficit be addressed by a transfer of CIP Contingency funds in the amount of \$700,000 to the Avon Fuel Station project. This will fund both the shortfall from the base scope of the project, as well as the security access gate. It is expected that the remaining required funds would be recovered through an insurance settlement associated with the damage recently incurred by the station. It is also notable that the existing fuel station was recently damaged and is not functional. The City is currently using a fuel card system as a temporary measure, but this program is more costly to the City than maintaining our own fuel

station. Project cost repayment, when compared to the fuel card program is approximately 7 years per analysis performed by the City's Fleet Division. This estimate does not take into account the cost of removing the existing tanks, which will be required regardless of whether the fuel station upgrades proceed.

Alignment with City Council's Vision and Strategic Plan

This proposal supports the City Council's "Green City" vision. It contributes to Goal 3 and 5 of the Strategic Plan, a beautiful and sustainable natural and built environment and a well-managed and responsive organization, and objectives 3.2 provide reliable and high quality infrastructure, 3.4 be responsible stewards of natural resources, 5.1 integrate effective business practices and strong fiscal policies.

Community Engagement

N/A

Budgetary Impact

Transfer of \$700,000.00 from CIP Contingency funds

Recommendation

Staff recommends approval of this recommendation.

Alternatives

City Council could decline this recommendation. There will be insufficient funds to address the Avon Street Fuel Station replacement project and the insurance requirements may not be met.

Attachments

1. RES Funding for Avon Fuel Station