



October 8, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the Director of Long Beach Gas and Oil to grant an After-Hours Parking Permit to Professional Parking Services of Signal Hill to Accommodate Seven Compressed Natural Gas-Powered Shuttle Buses Serving California State University Long Beach. (District 5)

DISCUSSION

As gasoline fuel prices remain high and the State of California continues its aggressive drive toward greenhouse gas emission reductions, Long Beach Gas and Oil (LBGO) has been trying to capture a share of the increasing market for compressed natural gas (CNG) as a motor vehicle fuel as part of LBGO's sales growth strategy. As a result, LBGO's sales of CNG have nearly tripled over the past five years. Recently added CNG customers for LBGO include Long Beach Transit, due to conversion of its bus fleet to run on CNG, and a similar CNG fleet conversion at EDCO, a waste hauling and recycling company based in Signal Hill, California.

In July 2013, Professional Parking Services, a Signal Hill-based company, entered into a one-year renewable contract with California State University Long Beach (CSULB) to provide CNG-powered shuttle bus service to CSULB's 322-acre campus and over 36,000 students. LBGO staff has worked closely with Clean Energy, LBGO'S CNG station operator, to construct an incentive package wherein LBGO/Clean Energy would serve as the fuel distributor to all Professional Parking Services' shuttle buses serving the CSULB campus.

Under this agreement, Professional Parking Services will purchase CNG for its seven shuttle buses exclusively from LBGO's CNG fueling station operated by Clean Energy. A minimum of 3,000 gallon equivalents will be purchased monthly. Under the existing Natural Gas Vehicle Fueling Station Agreement between LBGO and Clean Energy, LBGO receives a royalty payment from Clean Energy for every CNG gallon equivalent sold at the LBGO station. LBGO also receives volumetric revenue for delivering natural gas to the CNG station.

LBGO proposes to undertake a six-month trial and, thereafter, a one-year parking arrangement, renewable for up to four years. The arrangement includes a mutual termination provision under which either party may terminate the arrangement, upon 30-days written notice, and release each other from its obligations. Under the arrangement, Professional Parking Services' seven shuttle buses serving CSULB will park on the unused LBGO parking facilities between the hours of 1:00 a.m. and 6:00 a.m., six days per week and for the full day on Sundays. One emergency back-up bus will be on the lot at all times when not needed. Under this arrangement, LBGO will also receive additional financial compensation for this parking arrangement at the rate of \$850 per month, an amount consistent with market rates as verified with the City's Asset Management Bureau. Given the hours of the shuttle bus operation, neither guest nor employee parking at LBGO is impacted.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Management Officer Victoria Bell on September 10, 2013.

TIMING CONSIDERATIONS

City Council action is requested at its meeting on October 8, 2013, to allow for the prompt commencement of the parking arrangement.

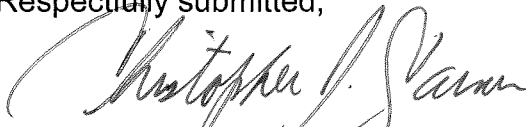
FISCAL IMPACT

The parking permit fee will provide \$10,200 additional annual revenue to the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (GO). Additionally, increased volumetric royalties and distribution revenues will total a minimum of \$5,400 annual revenue based on the contractual monthly minimum of 3,000 gallons. Thus, total annual revenues to the Gas Fund will increase a minimum of \$15,600 annually. There will be no additional job impact associated with the recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER
DIRECTOR OF LONG BEACH GAS AND OIL

CJG:CAB:LAF

APPROVED:



PATRICK H. WEST
CITY MANAGER