

C-6

November 5, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP GO18-037 and award a contract to Clean Energy Fuels, Inc., of Newport Beach, CA, for the operation and maintenance of a compressed natural gas fueling station, and for the purchase of renewable compressed natural gas, for use in City vehicles and equipment, in an amount of \$370,000, with a 15 percent contingency in the amount of \$55,500, for a total annual amount not to exceed \$425,500, for a period of 10 years; and authorize the City Manager, or designee, to execute all documents necessary to enter into the contract, including any necessary amendments. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with Clean Energy Fuels, Inc. (Clean Energy), for the operation and maintenance of a compressed natural gas (CNG) fueling station, and the purchase of renewable CNG, for use in City vehicles and equipment.

The Energy Resources Department (Department) oversees the operation and maintenance of the CNG vehicle fueling station at 2400 East Spring Street (Station), which is utilized by both City and private vehicle customers. To continue meeting the growing alternative fuel needs of both public and private fleet CNG vehicles, Clean Energy will upgrade the existing Station with new equipment including compressors, storage tanks, dispensers, telemetry and advanced monitoring systems at no cost to the City. CNG fueling throughput and speed will be increased and include enhanced redundancies by the addition and upgrade of existing equipment to a state-of-the industry infrastructure.

The Department continues its ongoing efforts to reduce greenhouse gas emissions, and aims to supply 100 percent renewable natural gas (RNG), a net-neutral carbon emission fuel, for Station CNG operations. As a result, the City will receive revenue from federal and state programs that offer incentives to entities that distribute RNG as a transportation fuel. Clean Energy will provide discounted CNG fuel prices to City CNG vehicles utilizing the Station, and the Department will receive a royalty for each gasoline gallon equivalent (GGE) of CNG sold to third party customers by Clean Energy at the Station.

There are currently 160 vehicles in the City fleet that use CNG fuel. Some 47 Refuse trucks and street sweepers fuel at the slow-fill CNG station located at the Temple/Willow Fleet Services facility. The remaining CNG vehicles mainly fuel at the Department Station location. Over 110 new CNG-fueled vehicles will be added to the fleet within five years.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on May 24, 2018, and 5,731 potential proposers specializing in the installation, operation, and maintenance of CNG fueling stations were notified of the RFP opportunity. Of those proposers, 32 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located in City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 26 local, minority, and women-owned business groups. Two proposals were received on July 10, 2018. Of those two proposers, neither were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), certified Small Business Enterprises (SBEs), or Long Beach businesses (Local).

A Selection Committee consisting of staff representing the Long Beach Energy Resources and Financial Management (Fleet) Departments evaluated the proposals and determined that Clean Energy Fuels, Inc., of Newport Beach, CA (not a MBE, WBE, SBE, or Local), was the most qualified firm to complete the requested services at the best economic value and least disruption to existing Station services.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 21, 2019 and by Purchasing Agent Tara Yeats, and Revenue Management Officer Geraldine Alejo on October 18, 2019.

TIMING CONSIDERATIONS

City Council action is requested on November 5, 2019, to implement the contract.

FISCAL IMPACT

The requested annual contract amount will not exceed \$425,500, inclusive of a 15 percent contingency. The cost is budgeted in the Fleet Fund Group in the Financial Management Department. Fuel costs are charged to user departments through the Fleet Services Memorandum of Understanding (MOU) and are collected through the monthly billing process. Energy Resources will continue to oversee operations at the CNG vehicle fueling station, which includes natural gas delivery to the station. The rate charged to Clean Energy will be the uncompressed transmission rate and service charge under Energy Resources' CNG rate (Schedule 5). Annual revenue from gas delivery is estimated at \$170,000 and will depend on actual sales volume. Energy Resources will receive annual revenues estimated at \$120,000 from royalties paid by Clean Energy for third party sales, and \$250,000 from government programs that promote renewable natural gas. Revenues received by the department from gas delivery, royalties, and government programs will continue to be deposited in the Gas Fund Group in the Energy Resource Department.

HONORABLE MAYOR AND CITY COUNCIL

November 5, 2019

Page 3

This recommendation has no staffing impact beyond the budgeted scope of duties and is consistent with existing City Council priorities. The award of this contract will provide continued support to our local economy by assisting in the preservation of employment for 13 full-time employees residing in Long Beach.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. DOWELL
DIRECTOR OF ENERGY RESOURCES



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
ACTING CITY MANAGER