



Legislation Details (With Text)

File #: 23-0425 **Version:** 1 **Name:** FM - Contract w/Clean Energy Fuels for renewable compressed natural gas

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File created: 4/17/2023 **In control:** City Council

On agenda: 5/2/2023 **Final action:** 5/2/2023

Title: Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 35480 with Clean Energy Fuels, Inc., of Newport Beach, CA, for the purchase of renewable compressed natural gas (CNG), for use in City of Long Beach (City) vehicles and equipment, to increase annual contract amount by \$500,000, authorize a 15 percent contingency of \$130,500, for a new total annual amount not to exceed \$1,000,500, for the current contract term and for the remaining five contract renewals ending on February 13, 2030; and

Increase appropriations in the Fleet Services Fund Group in the Financial Management Department by \$500,000, offset by funds available generated by revenue received through the Fleet Memorandum of Understanding. (Citywide)

Sponsors: Financial Management

Indexes:

Code sections:

Attachments: 1. 050223-C-15sr

| Date | Ver. | Action By | Action | Result |
|----------|------|--------------|------------------------|--------|
| 5/2/2023 | 1 | City Council | approve recommendation | Pass |

Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 35480 with Clean Energy Fuels, Inc., of Newport Beach, CA, for the purchase of renewable compressed natural gas (CNG), for use in City of Long Beach (City) vehicles and equipment, to increase annual contract amount by \$500,000, authorize a 15 percent contingency of \$130,500, for a new total annual amount not to exceed \$1,000,500, for the current contract term and for the remaining five contract renewals ending on February 13, 2030; and

Increase appropriations in the Fleet Services Fund Group in the Financial Management Department by \$500,000, offset by funds available generated by revenue received through the Fleet Memorandum of Understanding. (Citywide)

City Council approval is requested to amend Contract No. 35480 with Clean Energy Fuels, Inc. (Clean Energy), for the purchase of renewable CNG, for use in City vehicles and equipment. There are currently 338 vehicles in the City fleet that use CNG fuel. Some of the 89 Refuse trucks and street sweepers fuel at the time-fill CNG station located at the Temple/Willow Fleet Services facility. The remaining CNG vehicles mainly fuel at the Long Beach Utilities Department Station location.

The existing contract was awarded by the City Council in November 2019 for the operation

and maintenance of a compressed natural gas fueling station and the purchase of renewable CNG for a period of ten years. The City is currently in the fourth year of the contract for CNG retail fuel. Fleet uses approximately 196,900 gallons of CNG fuel to support operation of the City's CNG fleet each year.

It was anticipated at the time of the RFP that annual costs for CNG fuel would be less than \$425,500, including contingency. However, since execution of the contract, the natural gas industry experienced global and regional imbalances that rapidly escalated fuel prices throughout the industry. The cost of CNG retail fuels has increased by 114% since 2020. The net effect of the renewable natural gas fuel price increases, in addition to an increased size of the City's CNG fleet, necessitates an increase in purchasing authority above the amount originally authorized by the City Council. This request will increase the annual contract amount by \$500,000 to \$870,000, plus a 15 percent contingency of \$130,500, for a new total annual contract amount not to exceed \$1,000,500. Fleet staff analyzed costs and expenditures for the last fiscal year and projects the requested \$1,000,500 in annual spending authority will be sufficient for the remainder of the contract term to meet the City's CNG retail fuel purchasing needs.

This matter was reviewed by Deputy City Attorney Anita Lakhani on April 12, 2023, Purchasing Agent Michelle Wilson on April 7, 2023, and by Revenue Management Officer Geraldine Alejo on April 17, 2023.

SUSTAINABILITY

The City is a recognized leader in the use of alternative fuels, having been named the number two municipal Green Fleet in the nation by the National Association of Fleet Administrators (NAFA) in 2022. The City's journey with alternative fuels is reflected in its fuel use. Over 1,600 of the vehicle fleet are alternative fuel/low-emission vehicles (renewable natural gas, hybrid gasoline, renewable diesel, and propane). Of the vehicles in the Fiscal Year 2023 replacement plan, 73 percent will be zero-emission vehicles (ZEVs) or alternative fuel.

The City is embracing ZEVs as quickly as they become available (along with funding and infrastructure support). The fleet includes 81 ZEVs (including its first fully electric pickup) and 90 plug-in hybrids. Over the next several years the City's use of CNG vehicles is expected to decrease as electric versions become available.

All fuels supplied are 100 percent renewable natural gas, a net-neutral carbon emission fuel,

and are in compliance with California Air Resources Board and local air quality district regulations supply.

City Council action to amend Contract No. 35480 is requested on May 2, 2023, to ensure there is no interruption to services.

The requested amendment will increase the contract authority with Clean Energy by \$500,000, for a revised total annual contract amount not to exceed \$1,000,500, including a 15 percent contingency. An appropriation increase of \$500,000 is requested in the Fleet Services Fund Group in the Financial Management Department, offset by funds available generated by revenue received through the Fleet Memorandum of Understanding (MOU). CNG retail fuel costs are collected through the Fleet MOU regular monthly charges to multiple funds and departments. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

KEVIN RIPER
DIRECTOR
FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER