



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-16

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September 8, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. ITB FS15-113 REBID and award a contract to Applied LNG Technologies, LLC, of Westlake Village, CA, for furnishing and delivering both standard and renewable liquefied natural gas (LNG) fuel, in an annual amount not to exceed \$900,000, for a period of two years, with the option to renew for two additional one-year periods, at the discretion of the City Manager; and

Authorize the City Manager to increase Blanket Purchase Order No. BPFM15000059 with Clean Energy, of Newport, CA, by \$100,000, for a total amount not to exceed \$200,000, for the period ending November 30, 2015. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with Applied LNG Technologies, LLC, for furnishing and delivering of LNG fuel for use in City fleet vehicles. There are currently 112 LNG-fueled vehicles that support operations in the Public Works and Water Departments. These units include dump trucks, street sweepers, refuse trucks and pothole patch trucks. LNG fuel averages 30 percent of the cost of petroleum-based fuels. In heavy duty trucks, diesel fuel has been replaced with LNG to comply with local fleet regulations and remove diesel particulate matter from the air.

For the last three years, the City has used an annual average of 804,000 gallons of LNG that averaged \$1.041 per gallon. It is anticipated that the use of LNG fuel will decrease over time, as units are replaced with CNG or other fuel vehicles. Fleet has researched the cost of LNG through the U.S. Department of Energy's Information Administration and their projections of \$1.07 per gallon were used in the alternative fuel cost calculations.

The previous contract expired on July 31, 2015. An interim purchase order in the amount of \$100,000 was issued to continue providing LNG fuel without disruption while a new Invitation to Bid (ITB) was conducted. To ensure continuity of LNG supply until the new contract is in place, an additional amount of \$100,000 is requested, increasing the total of the interim purchase order with Clean Energy to \$200,000 for the period ending November 30, 2015.

The bid was advertised in the Press-Telegram on July 30, 2015, and 348 potential bidders specializing in fuel, oil, and other products and services were notified of the bid opportunity. Of those bidders, nine downloaded the bid via our electronic bid system. The bid document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. A bid announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Two bids were received on August 11, 2015. Of those two bidders, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), certified Small Business Enterprises (SBEs), or Long Beach businesses (Local). Applied LNG Technologies, LLC, of Westlake Village, CA (not an MBE, WBE, SBE, or Local), was the lowest responsible bidder.

Local Business Outreach

In an effort to align with our outreach goal, Long Beach businesses are encouraged to submit bids for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download bid specifications. Through outreach, 42 Long Beach vendors were notified to submit bids, of which none downloaded or submitted a bid. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Kendra L. Carney on August 21, 2015 and by Budget Management Officer Victoria Bell on August 24, 2015.

SUSTAINABILITY

Vehicles using LNG fuel are compliant with current air quality regulations for the State of California, equipped with all required safety features, and are regularly maintained by the Fleet Services Bureau. Fleet plans to use the option in this contract to use renewable LNG, which comes from non-fossil methane derived from landfills, agricultural operations and other renewable sources that comply with California AB32 and the Low Carbon Fuel Standard. Standard LNG is only specified for use in the event renewable LNG is not available.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. ITB FS15-113 REBID and award a contract concurrently is requested on September 8, 2015, to ensure that the contract is in place expeditiously.

FISCAL IMPACT

The cost of this contract will not exceed \$900,000 annually. To continue services until the new contract is in place, an increase of \$100,000 to the interim purchase order is requested for a total amount not to exceed \$200,000. These costs are budgeted in the Fleet Services Fund (IS 386) in the Financial Management Department (FM). The costs are funded by user charges to the department customer. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

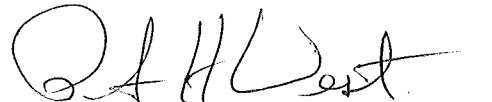
Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



PATRICK H. WEST
CITY MANAGER