

# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

# R-16

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June 16, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt Specifications No. PA-01009 and award contract to Applied LNG Technologies USA, LLC, for the purchase of liquefied natural gas fuel in the annual estimated contract amount up to \$1,000,000, for a period of one year, with the option of renewing for two additional one-year periods, at the discretion of the City Manager. (Citywide)

## DISCUSSION

City Council approval is requested to enter into an annual contract for the purchase of liquefied natural gas (LNG) fuel, including delivery, loading and unloading of the fuel at the City's LNG fueling station located at Fleet Services at 2600 Temple Avenue.

On June 13, 2006, City Council approval was given to issue a contract for LNG in the estimated amount of \$1,000,000. This current request for a new contract is not an increase from previous years contract request. The cost per gallon for the new contract is a 21% decrease from previous contract per gallon cost.

The Department of Public Works, Fleet Services Bureau, has actively pursued the acquisition of various alternative fuel vehicles. A large portion of these acquisitions have been LNG vehicles. The City's need for liquefied natural gas fuel and related supplies has increased over the years with the increase in LNG vehicles in the City inventory. The current citywide inventory consists of the following:

- 1 vehicle at the Department of Parks, Recreation and Marine, Beach Maintenance, Beach Debris Division
- 67 vehicles at the Department of Public Works, Environmental Services Bureau
- 10 vehicles at the Department of Public Works, Public Services Bureau
- 1 vehicle at the Department of Public Works, Street Maintenance, Street Surfaces Division

The bid was advertised on April 1, 2009, and 6 potential bidders specializing in LNG fuel were notified; none are Woman-owned Business Enterprises (WBEs), one is a Minority-owned Business Enterprise (MBE), none are Long Beach businesses and one is a Small Business Enterprise (SBE). The bid document was made available from the Purchasing

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Division, located on the seventh floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). A bid announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which is sent to 30 local, minority and women's business groups. Three bids were received and a public bid opening occurred on April 30, 2009. Applied LNG Technologies USA, LLC, of Dallas, Texas (not an MBE, WBE, SBE or local), is the lowest responsible bidder.

This matter was reviewed by Deputy City Attorney Amy R. Burton on May 26, 2009 and Budget and Performance Management Bureau Manager David Wodynski on May 27, 2009.

### SUSTAINABILITY

With the addition of LNG fuel to the City of Long Beach's supply chain, we have achieved a number of sustainable benefits:

- **Environmental benefits**—use of LNG results in a 23 percent reduction in nitrogen oxides emissions, 20-40 percent reduction in carbon monoxide and 80-90 percent reduction in particulate matter emissions compared to petroleum diesel.
- **Energy security benefits**—utilization of domestic supplies of alternative fuels reduces Long Beach's dependence on foreign oil and provides immediate environmental benefits as the City continues to implement alternative fuel options into our fleet.
- **Economic benefits**—the cooperative purchasing agreement will provide several cost benefits to the City by securing pricing at a previous bid to another agency. In addition, LNG fuel costs \$1.202 per gallon as compared to a cost of \$3.538 per gallon for diesel fuel.
- **Quality benefits**—LNG is registered as an approved alternative to diesel fuel and meets clean fuel standards established by the California Air Resources Board (CARB). Both, CARB and the South Coast Air Quality Management District have officially approved its use.

### TIMING CONSIDERATIONS

City Council action to adopt Specifications No. PA-01009 and award the contract concurrently is requested on June 16, 2009 to ensure that a contract is in place expeditiously.

### FISCAL IMPACT

The cost of this contract is up to \$1,000,000 annually, and is budgeted in the Fleet Services Fund (IS 386) in the Department of Public Works (PW). Fuel costs are charged to the individual using departments based on actual usage.

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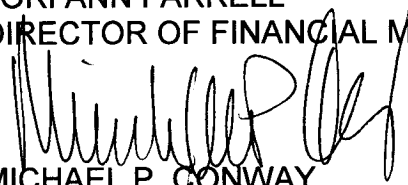
SUGGESTED ACTION:

Approve recommendation.

Respectfully Submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO



MICHAEL P. CONWAY  
DIRECTOR OF PUBLIC WORKS

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APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER