



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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December 20, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute a contract with TruStar Energy, LLC, of Rancho Cucamonga, CA, for the operation and maintenance of the compressed natural gas (CNG) fuel facility located at the Temple/Willow Fleet facility, in an annual amount not to exceed \$110,000, 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,

Increase appropriations in the Fleet Fund (IS 386) in the Financial Management Department (FM) by \$110,000 annually. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract with TruStar Energy, LLC (TruStar), for the operation and maintenance of the CNG fuel facility recently constructed at the Temple/Willow Fleet facility. The CNG fuel facility has the capacity to provide ten-hour, time-fill service for up to 100 heavy-duty refuse trucks and street sweepers.

A formal procurement process was completed in July 2015, and TruStar Energy was selected as the design-build contractor. City Council authorized the award of the CNG station construction to TruStar on December 22, 2015. Their proposal also included ongoing maintenance and service for the CNG station; however, it was not included in the design-build contract award in order to keep contract responsibilities separate by the appropriate City departments. The Department of Public Works acted as the lead for the development of the RFP and is currently managing the project during the construction process. Construction on the station began on July 19, 2016, and is scheduled to be completed by December 20, 2016. Once construction is complete, the Department of Financial Management will manage the operations and maintenance of the CNG station.

TruStar's operations and maintenance proposal provides for weekly site inspections, scheduled maintenance at regular intervals, monitoring service, and emergency response for unscheduled repairs. The price is based on a sliding scale according to the CNG term throughput, and is estimated not to exceed \$110,000 annually.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on December 5, 2016 and by Assistant Finance Director Lea Eriksen on December 1, 2016.

SUSTAINABILITY

The City has adopted CNG for its refuse trucks and sweepers because it is a cost-effective, environmentally friendly fuel, which greatly reduces greenhouse gas and tailpipe emissions. Proper preventive maintenance of the CNG station equipment will minimize unnecessary repairs and downtime, which will help to ensure safe, efficient operations and maximize the station's useful life.

TIMING CONSIDERATIONS

City Council action to award a contract concurrently is requested on December 20, 2016, to ensure that a contract is in place expeditiously following the completion of the CNG station construction on or about December 20, 2016.

FISCAL IMPACT

The total annual amount will not exceed \$110,000. As this amount is currently unbudgeted, an appropriation increase is necessary in the Fleet Services Fund (IS 386) in the Financial Management Department (FM). It is anticipated that the additional cost to the Public Works Department (PW) for fuel facility maintenance will be offset by the reduction in fuel cost by moving from Liquid Natural Gas (LNG) to CNG. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:DB:PM
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APPROVED:



PATRICK H. WEST
CITY MANAGER