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Gregory Barfield, Interim Director

## **ADDENDUM NO. 1**

### **PRODUCT REQUIREMENTS CONTRACT FOR LIQUID NATURAL GAS (LNG) FUEL BID FILE NUMBER: 3632**

#### **NOTICE TO ALL BIDDERS**

This Addendum is attached to and made a part of the above entitled specifications for the City of Fresno with a scheduled bid opening of **10/2/2018**

All changes and or clarifications will appear in **bold underlined type**.

Question 1: As a result of recent changes to AB 32's California Compliance Allowance (CCA) obligation, the California Air Resource Board (ARB) has expanded these obligation costs to now include all out of state LNG producers. We highly suggest the City includes a separate line item for bidders to incorporate this compliance costs into their delivered rate to the City. Will the City incorporate a separate line item so all costs to deliver LNG are captured within the bid?

Question 2: Will the City input the following standard conversion factors under the Pricing Conditions section to ensure all bids are transparent?

- 12.104 mmBTU per LNG Gallon
- 3.49 lbs per LNG Gallon
- $3.49 \times 12.104 = 42.24$  lbs per mmBTU
- 500 lbs = 143.26 LNG Gallons ( $500/3.49$ )
- 500 lbs = 11.84 mmBTU ( $500/42.24$ )

**Answer 1: Bid price for California Compliance Allowance cost per gal. This fee will be a pass thru and the City will not pay mark up. Please see the attached revised bid proposal page (page 1.2-1.3) and pricing conditions (page 4.0).**

**Answer 2: The City requires fuel containing a methane composition 98.51% and above will be billed using a conversion factor of 3.49 lbs/gallon to compute the number of gallons used on the invoice. Please use the conversion factors shown below and attached as part of the pricing conditions (page 4.0).**

- 12.104 mmBTU per LNG Gallon
- 3.49 lbs per LNG Gallon
- $3.49 \times 12.104 = 42.24$  lbs per mmBTU
- 500 lbs = 143.26 LNG Gallons ( $500/3.49$ )
- 500 lbs = 11.84 mmBTU ( $500/42.24$ )

City of Fresno

\_\_\_\_\_  
Duane Myers  
Fleet Manager

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The bidder shall sign below indicating he/she has thoroughly read and understands the contents of this Addendum.

Signed: \_\_\_\_\_

Company: \_\_\_\_\_

This addendum is being distributed ONLINE only and will not be sent by U.S. Mail. The bidder shall submit a signed copy of this addendum with their bid.

Addenda to date: 1  
October 22, 2018

# BID PROPOSAL

BIDDER'S NAME: \_\_\_\_\_

## PRODUCT REQUIREMENTS CONTRACT FOR LIQUID NATURAL GAS (LNG) FUEL Bid File No. 3632

TERM OF CONTRACT The Contract shall be in effect for TWO year(s) from the date of the Notice to Proceed. The Contract may be extended in accordance with the provisions set forth in the Special Conditions of these Specifications.

TO: THE PURCHASING MANAGER OF THE CITY OF FRESNO

The undersigned Bidder hereby proposes to furnish to the City of Fresno, in accordance with the Specifications annexed hereto and made a part hereof, the following item(s) delivered F.O.B. Destination, Freight Prepaid & Allowed, to the jobsite(s) as specified in the Special Conditions of these Specifications, and at the prices set forth in the following bid item(s):

Note: All unit pricing listed below shall be listed per LNG gallon. Bid item 1 is for evaluation purposes only.

<u>BID ITEM</u>	<u>QTY</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>	<u>TOTAL PRICE</u>
1	1,500,000 gal	SoCal Border Price for Spot Gas Delivered to Pipelines per MMBtu/12.104	<u>\$1.00/Gal</u>	<u>\$1,500,000.00</u>
2	1,500,000 gal	Discount ____ % below SoCal Price for Spot Gas Delivered to Pipelines per MMBtu/12.104	<u>\$</u> (\$0.00 Assumed if Blank)	<u>\$</u> (Dollar Figure Price/Gallon)
3	1,500,000 gal	Liquefaction (excludes freight, taxes, export/import tariffs)	<u>\$</u>	<u>\$</u>
4	1,500,000 gal	Bid price for freight to transport average 9,500 gallon tanker loads.	<u>\$</u>	<u>\$</u>
5	1,500,000 gal	<b>Bid price for California Compliance Allowance cost per Gal.</b>	<u>\$</u>	<u>\$</u>
SUBTOTAL:			<u>\$</u>	<u>\$</u>

Less early payment discount of \_\_\_\_ % for  
payment within \_\_\_\_ days (minimum 15 days)  
from receipt of invoice by City of Fresno

\$

The Total Net Bid Amount is \_\_\_\_\_  
\_\_\_\_\_ Dollars and \_\_\_\_\_  
Cents.

**Completion of Bid Proposal Form to be Eligible for Award.** Bidders must bid all bid items within a section (including any Alternates). The Bidder is non-responsive and ineligible for award in the event Bidder fails to initial this paragraph on the line provided and completely fill in the Bid Proposal Form including, without limitation, all dollar amounts and information called for on this Bid Proposal Form. By his/her initials to the right hereof, Bidder represents he/she has read and understands the consequences of not completely filling in this Bid Proposal Form.

\_\_\_\_\_  
Initial

The quantities listed on the Bid Proposal page(s) are annual estimates, shown for bidding purposes only. The actual requirement of the City may be more or less than the quantities specified. The City will pay for only those items which it actually orders during the term of the Contract.

## PRICING CONDITIONS

The City of Fresno intends to enter into a requirements contract for the liquid natural gas (LNG) fuel based on SoCal Border Index Price for Spot Gas Delivered to Pipelines per MMBtu/12.104 minus any discount in cents per LNG gallon for natural gas feedstock not delivered through pipeline. Under this contract, the city will pay for fuel, liquefaction cost, and delivery at a cost comprised of the following components:

1. The Base Price per LNG gallon of fuel, derived from SoCal Border Index Pricing for Spot Gas Delivered to Pipelines per MMBtu dry as published in Platts divided by gallons/MMBtu factor of 12.104, current at the time and date that the order is placed by the City. This price component may change on an order-by-order basis.
2. It is required of the vendor to supply the City of Fresno a current monthly report of the natural gas pricing per the SoCal Gas Border Index. This must be supplied to the City of Fresno via email within the first five (5) calendar days of each month, during the effective dates of this contract.
3. The cents per LNG gallon discount, if any, for natural gas feedstock supplied from non-pipeline sources. Examples: stranded gas well sources, digester gas sources, landfill gas sources, etc. This price component will remain fixed for the first 24 months of the contract term.
4. The cost per LNG gallon for liquefaction to turn gaseous methane feedstock into fuel quality liquid natural gas (LNG). This price component will remain fixed for the first 24 months of the contract term.
5. The cost per LNG gallon of freight as bid for each delivery quantity category by the Bidder awarded under this solicitation, will remain fixed for the initial two years of the term of the contract, but any and all may be adjusted for any extension under the provisions listed in "Term of Contract".
6. **The City requires fuel containing a methane composition 98.51% and above will be billed using a conversion factor of 3.49 lbs/gallon to compute the number of gallons used on the invoice. The conversion factors are below.**
  - 12.104 mmBTU per LNG Gallon
  - 3.49 lbs per LNG Gallon
  - $3.49 \times 12.104 = 42.24$  lbs per mmBTU
  - $500 \text{ lbs} = 143.26 \text{ LNG Gallons } (500/3.49)$
  - $500 \text{ lbs} = 11.84 \text{ mmBTU } (500/42.24)$
7. **AB 32's California Compliance Allowance (CCA) obligation fee per gallon of LNG fuel delivered. This cost is to be a pass thru cost and the City will not pay a markup. This price component will remain fixed for the first 24 months of the contract term.**

Taxes: Liquid natural gas (LNG) fuel bid prices shall exclude ALL Federal and State Motor Vehicle Fuel Fees (MVF) or any other applicable fees and taxes. All applicable taxes are to be added to the invoice at the time of delivery. The City will execute appropriate Excise Tax exemption certificates to the successful supplier.

If, during the course of this contract, the Supplier's selling price of any of the item(s) bid, is below the contract bid price, the City will receive the lowest pricing.