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Title: Award a requirements contract in the amount of \$2,034,750 to Clean Energy of Newport Beach, California, to supply and deliver liquid natural gas to the Municipal Fleet Division fueling station. (Citywide)

Sponsors: Department of Transportation

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Attachments: 1. Addendum.pdf, 2. Bid Eval 9475.pdf, 3. Bid Spec 9475.pdf

| Date | Ver. | Action By | Action | Result |
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| 11/8/2018 | 1 | City Council | approved | Pass |

REPORT TO THE CITY COUNCIL

November 8, 2018

FROM: GREGORY A. BARFIELD, Interim Director
Department of Transportation

BY: BRIAN BARR, Assistant Director
Department of Transportation

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Department of Transportation/Municipal Fleet Division

SUBJECT

Award a requirements contract in the amount of \$2,034,750 to Clean Energy of Newport Beach, California, to supply and deliver liquid natural gas to the Municipal Fleet Division fueling station. (Citywide)

RECOMMENDATION

Staff recommends Council award a requirements contract to Clean Energy of Newport Beach, California, in the amount of \$2,034,750 to supply and deliver liquid natural gas (LNG) to the Municipal Fleet Division LNG fueling station.

EXECUTIVE SUMMARY

The Department of Transportation, Municipal Fleet Division is seeking to establish a requirements contract for LNG to be used by the Department of Public Utilities within the city of Fresno. The LNG will be used to power the City-owned refuse trucks that are used daily to collect household trash, green waste, and recycling. Due to historical and anticipated costs for this product, the Purchasing Division has recommended a multi-year requirements contract be established. This contract will be awarded based on the approved competitive bidding process at a cost of \$2,034,750.

BACKGROUND

The Municipal Fleet Division is responsible for purchasing, storing, and dispensing LNG for the refuse truck fleet. Solid Waste Management operates 100 trucks powered by natural gas. These trucks collect municipal solid waste, recyclables, and green waste for over 111,000 residential customers. The Municipal Fleet Division is in need of a contract for the purchase of LNG for the refuse truck fleet. A requirements contract is required due to the total dollar amount of the products purchased during each fiscal year. Last year the Municipal Fleet Division purchased over \$1,030,000 of LNG totaling 1.5 million gallons.

One hundred percent of the LNG purchased through this contract will be Renewable Natural Gas (RNG) that is derived entirely from biogas purified to meet pipeline natural gas specifications. Biogas is derived from the anaerobic decomposition of organic waste sources, including landfills, wastewater treatment plants, and agricultural sources. Renewable LNG derived from RNG is identical in composition to fossil LNG and has been liquefied in the same manner as fossil LNG.

Competitive bids were solicited for LNG on September 5, 2018. Two responses were received on October 2, 2018. The bid from Clean Energy of Newport Beach, California, was determined to be the lowest responsive and responsible bidder with a bid price of \$2,034,750. This bid price is 11 percent lower than the current contract. The Purchasing Division has approved this contract and recommends Council approval.

City Attorney has reviewed and approved to form. This contract will be in place for two years with the option for three one-year extensions. The current contract expires on November 11, 2018.

ENVIRONMENTAL FINDING

This is not a “project” as defined by CEQA Guidelines Section 15378.

LOCAL PREFERENCE

Local preference was not applied because none of the bidders are local businesses.

FISCAL IMPACT

No General Funds will be used to purchase the LNG. The funding to cover the purchase cost of the LNG fuel has been included in the FY 2019 Adopted Budget under the operations of the Fleet Management Division.

Attachments:

1. Bid Spec 9475

2. Addendum
3. Bid Eval 9475