



Legislation Details (With Text)

File #: ID 20-00601 **Version:** 1 **Name:**

Type: Action Item **Status:** Agenda Ready

File created: 5/6/2020 **In control:** City Council

On agenda: 5/21/2020 **Final action:** 5/21/2020

Title: Approve the consultant agreement with Element Markets, a Texas based Limited Liability Company, for the supply of Renewable Natural Gas and Management of Low Carbon Fuel Standard and Renewable Identification Number credits (Proposal No. 9509)

Sponsors: Department of Transportation

Indexes:

Code sections:

Attachments: 1. Bid Eval 9509.pdf, 2. Agreement.pdf

Date	Ver.	Action By	Action	Result
5/21/2020	1	City Council	approved	

REPORT TO THE CITY COUNCIL

May 21, 2020

FROM: GREGORY A. BARFIELD, Director
Department of Transportation

BY: BRIAN BARR, Assistant Director
Department of Transportation

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Department of Transportation

SUBJECT

Approve the consultant agreement with Element Markets, a Texas based Limited Liability Company, for the supply of Renewable Natural Gas and Management of Low Carbon Fuel Standard and Renewable Identification Number credits (Proposal No. 9509)

RECOMMENDATION

Staff recommends Council approve the consultant agreement with Element Markets, a Texas based Limited Liability Company (LLC), for the supply of Renewable Natural Gas (RNG) and Management of (Low Carbon Fuel Standard (LCFS) and Renewable Identification Number (RIN) credits for the Department of Transportation/FAX Division.

EXECUTIVE SUMMARY

The United States federal government and the State of California have established fuel standard programs that permit organizations to accumulate carbon credits when using fuels in vehicles that reduce carbon emissions. These credits can be sold within the market exchange. The Department of Transportation/FAX Division seeks approval to award a professional consulting agreement for the management of LCFS and RIN credits. The consultant will be responsible for maintaining the RNG fuel pathway with the California Air Resource Board (CARB), keeping and reporting a record of quarterly and annual therms used in FAX operation, and monetizing credits for delivery of revenue to FAX. The revenue generated from this procurement is estimated at \$300,000 per quarter and \$1.2 million per year, subject to market conditions.

BACKGROUND

The United States federal government and the State of California have established fuel standard programs designed to lower greenhouse gas emission by reducing the full fuel-cycle carbon intensity of transportation fuels. The means and method this is achieved differs between the two programs; however, both allow for entities that use carbon reducing fuels to collect credits, which can be sold on an open market to other entities needing additional credits to satisfy their annual requirements to the respective government agency.

FAX currently uses approximately 2.8 million therms of Compressed Natural Gas (CNG) per year for revenue and non-revenue vehicles and seeks to utilize a vendor to replace this fuel source with RNG, which has a lower carbon intensity. This will permit FAX to accumulate more LCFS credits and benefit from RIN credits, all of which will generate revenue for the department. Proposals were solicited for this project on September 27, 2019, and advertised in the Fresno Business Journal and Mass Transit Magazine. The Request for Proposals was sent to five building exchanges and specifications were distributed to 15 potential bidders. The bids were publicly opened on November 5, 2019. FAX received five bids in response to the solicitation, and the selection committee determined Element Markets LLC provided the best value to the City of Fresno.

The City Attorney has reviewed the Agreement and approved it to form.

ENVIRONMENTAL FINDING

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 the award of this contract does not qualify as a project; therefore, it is exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference was not implemented because federal conditions preclude the use of local preference.

FISCAL IMPACT

There is no fiscal impact to the General Fund from this request. The revenue generated from this procurement is estimated at \$300,000 per quarter and \$1.2 million per year, subject to market conditions.

Attachments:
Bid Eval 9509
Agreement