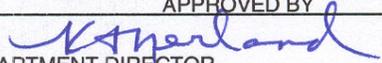




AGENDA ITEM NO.

COUNCIL MEETING: April 8, 2008

APPROVED BY

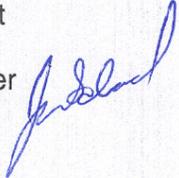

 DEPARTMENT DIRECTOR

CITY MANAGER

April 8, 2008

FROM: KENNETH A. NERLAND, Director
General Services Department

BY: JAMES H. SCHAAD, Manager
Fleet Management Division



SUBJECT: AWARD A REQUIREMENTS CONTRACT IN THE AMOUNT OF \$2,331,180.25 TO CLEAN ENERGY OF SEAL BEACH, CA FOR LIQUID NATURAL GAS (LNG) FUEL
BID FILE NO. 8982

KEY RESULT AREA: Customer Service

RECOMMENDATIONS

Staff recommends that the City Council award a requirements contract for liquid natural gas (LNG) fuel in the amount of \$2,331,180.25 to Clean Energy of Seal Beach, CA.

EXECUTIVE SUMMARY

The General Services Department, Fleet Management Division is seeking to establish a requirements contract for liquid natural gas (LNG) fuel to be used by the Department of Public Utilities within the City of Fresno. The LNG fuel will be used to power eighty-two (82) city-owned refuse trucks that are used daily to collect household, commercial, and neighborhood clean-up solid waste material. Currently over 20,000 gallons of LNG fuel are used by the refuse truck fleet weekly.

The use of LNG fuel to power the city refuse truck fleet provides 40% lower ozone forming emissions, 20% lower greenhouse gas emissions, and a 53% cost savings compared to diesel powered trucks. The new contract for LNG fuel will also provide 20% lower freight costs than the previous contract and a more reliable supply chain for delivery of the fuel due to a new California supply location becoming available.

Staff recommends that the City Council award a requirements contract for liquid natural gas (LNG) fuel in the amount of \$2,331,180.25 to Clean Energy of Seal Beach, CA.

KEY OBJECTIVE BALANCE

The establishment of a requirements contract for the purchase of LNG fuel will balance all the Key Objectives. Customer Satisfaction and Employee Satisfaction will be enhanced through uninterrupted supply of high quality LNG fuel for the refuse collection vehicle fleet. Financial Management will be enhanced by reduced fuel costs through lower freight costs derived from a California LNG supply source.

BACKGROUND

The General Services Department, Fleet Management Division is seeking to establish a requirements contract for liquid natural gas (LNG) fuel to be used by the Department of Public Utilities within the City of Fresno. The LNG fuel will be used to power eighty-two (82) city-owned refuse trucks that are used daily to collect household, commercial, and neighborhood clean-up solid waste material.

REPORT TO THE CITY COUNCIL
Award requirements contract for LNG fuel
April 8, 2008
Page 2

The use of LNG fuel to power the city refuse truck fleet provides 40% lower ozone forming emissions, 20% lower greenhouse gas emissions, and a 53% cost savings compared to diesel powered trucks. The new contract for LNG fuel will also provide 20% lower freight costs than the previous contract and a more reliable supply chain for delivery of the fuel due to a new California supply location becoming available.

Specifications were prepared and sent out to the three (3) prospective bidders that can supply LNG fuel. A Notice Inviting Bids was published on February 8, 2008, and posted on the City's website. Two (2) bid proposals were received on March 6, 2008. The bid proposal from Clean Energy of Seal Beach, CA in the amount of \$2,331,180.25 is the lowest responsive bid proposal for this project. This staff determination was posted on the City's website on March 31, 2008.

Staff recommends that the City Council award a requirements contract for liquid natural gas (LNG) fuel in the amount of \$2,331,180.25 to Clean Energy of Seal Beach, CA.

FISCAL IMPACT

Funding is available for the LNG fuel purchases in the Fleet Operations appropriations approved in the Adopted FY 08 Budget.

Attachments: Fiscal Impact Statement
Evaluation of Bid Proposals

FISCAL IMPACT STATEMENT

ORGANIZATION: GENERAL SERVICES –Fleet Management Division - Fund: 50501 Org. 530401

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT FY</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$2,331,180.25</u>	<u>\$ 0</u>
Indirect Cost	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL COST	<u>\$2,331,180.25</u>	<u>\$ 0</u>
Additional Revenue or Savings Generated	<u>\$ 0</u>	<u>\$ 0</u>
Net City Cost	<u>\$2,331,180.25</u>	<u>\$ 0</u>
Amount Budgeted (If none budgeted, identify source.)	<u>\$2,400,000.00</u>	<u>\$ 0</u>

FOR: REQUIREMENTS CONTRACT FOR SUPPLY OF LIQUID NATURAL GAS (LNG) FUEL

Bid File No.8982
Bid Opening: March 6, 2008

BIDDER'S	TOTAL NET BID AMOUNT
1. Clean Energy 3020 Old Ranch Parkway, Ste 200 Seal Beach CA 90740	\$2,331,180.25
2. Applied LNG Technologies 3001 Knox St. Ste 403 Dallas, Texas 75205	\$2,408,922.25

Each bidder has agreed to allow the City ninety (90) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, April 2, 2008, 5:00 P.M.

The current contract pricing is 3% below the previous contract pricing.

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

Included in the FY 08 Fleet Management Division Operations Program is the purchase of liquid natural gas (LNG) for use in city-owned refuse trucks operated by the Department of Public Utilities within the City of Fresno. Currently 65% of the refuse trucks operated by the City of Fresno are powered by LNG fuel providing a 40% reduction in ozone forming emissions and a 20% reduction in greenhouse gases compared to diesel powered trucks.

Because of the high volume of LNG consumed by the refuse truck fleet, currently over 20,000 gallons per week, it was determined that a requirements contract was the most cost effective means for procurement of this fuel.

FOR: REQUIREMENTS CONTRACT FOR SUPPLY OF LIQUID NATURAL GAS (LNG) FUEL

Bid File No.8982
Bid Opening: March 6, 2008

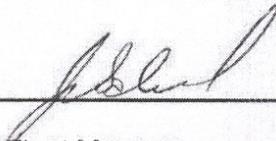
DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ 2,331,180.25
to Clean Energy
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Division Head Approval



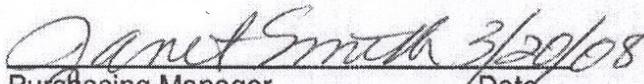
Title Fleet Manager

Date 03/19/2008

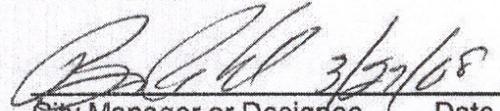
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| <input checked="" type="checkbox"/> Approve Dept. Recommendation | <input type="checkbox"/> Approve GSD/Purchasing Recommendation |
| <input type="checkbox"/> Disapprove | <input type="checkbox"/> Disapprove |
| <input type="checkbox"/> See Attachment | |

GENERAL SERVICES DEPARTMENT

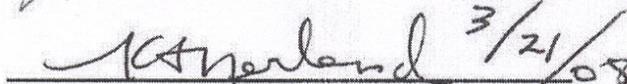
CITY MANAGER



Purchasing Manager Date 3/20/08



City Manager or Designee Date 3/20/08



Director Date 3/21/08