



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File ID: 2021-00429

May 4, 2021

Consent Item 22

Title: Contract: Compressed Natural Gas and Renewable Natural Gas (Two-Thirds Vote Required) [Published for 10-Day Review 04/22/2021]

Location: Citywide

Recommendation: Pass a Motion by two-thirds vote: 1) finding that it is in the best interest of the City for the reasons stated herein to suspend competitive bidding in favor of a sole source contract; 2) awarding a one-year contract with four one-year renewal options to Clean Energy for the purchase of compressed natural gas (CNG) and renewable natural gas (RNG) in an amount not to exceed \$2,753,653 for the potential five-year term; and 3) authorizing the City Manager or the City Manager's designee to execute the contract and renewal options specified above provided that sufficient funding is available in the budget adopted for the applicable fiscal year.

Contact: Alison Kerstetter, Program Specialist, (916) 808-1163; Mark Stevens, Fleet Manager, (916) 808-5869, Department of Public Works

Presenter: None

Attachments:

1-Description/Analysis

2-Contract

Description/Analysis

Issue Detail: The Department of Public Works, Fleet Management Division, has purchased approximately 90 CNG vehicles. As a result of placing these vehicles, which can also use RNG, into service, Fleet Management has an ongoing requirement to provide CNG or RNG; however, the City does not currently own a fuel station that can dispense these fuel types. The City has a contract in place with Regional Transit (Contract No. 2019-0299) which is used to purchase CNG for vehicles operating in the north area of the City. The recommended contract will provide the authority to purchase CNG and RNG for vehicles operating in the south area of the City.

Policy Considerations: The recommendations in this report are in accordance with City Code Chapter 3.56 and Sacramento City Code Section 4.040.020 and Council Rules of Procedure, Chapter 7, Section E.2.d., which requires additional posting time for labor agreements and agreements greater than \$1 million. This contract was published for 10-day review on April 22, 2021 as required.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): No environmental review is necessary because the recommendations in this report involve the purchase of CNG and RNG for City vehicles and are not considered to be a project in accordance with Section 15378(b)(2) of the CEQA guidelines.

Sustainability: The recommended purchases are consistent with the updated Fleet Sustainability Policy, adopted by City Council on December 12, 2017 (Resolution No. 2017-0478).

Commission/Committee Action: None

Rationale for Recommendation: The recommended contract will allow the City to purchase CNG and RNG using Clean Energy's fuel sites at the Atlas Refuel South Transfer Station and the Paratransit, Incorporated Station. Suspending competitive bidding is recommended because these locations are the only CNG fuel site that offers accessibility to City vehicles operating in the south area of the City. If this contract is not approved, vehicles operating in the south area of the City would have to travel approximately 30 miles roundtrip to refuel at the Regional Transit fuel site in the north area instead of the 12-mile roundtrip to Clean Energy's fuel site. This will cause an increase in the following: 1) fuel usage and city expense; 2)

refueling time; and 3) traffic congestion and greenhouse gas emissions. For these reasons, it is in the best interest of the City to contract with Clean Energy.

Financial Considerations: Sufficient funding exists in the Department of Public Works Fiscal Year (FY) 2020/21 operating budget (Fleet Fund, Fund 6501) to purchase CNG and RNG through June 30, 2021. Purchases made after June 30, 2021 are subject to funding availability in the adopted budget of the applicable fiscal year.

Local Business Enterprise (LBE): Clean Energy is not an LBE. The minimum LBE participation requirement is waived as the City has suspended competitive bidding and utilized an alternate procurement method to select a vendor.

CONTRACT ROUTING SHEET

Contract Cover/Routing Form: Must Accompany ALL Contracts; however, it is NOT part of the contract.

General Information (Required)

Original Contract # (supplements only): _____ Supplement/Addendum #: _____
 Assessor's Parcel Number(s): _____
 Contract Effective Date: 04/05/2021 Contract Expiration Date (if applicable): 04/05/2026
 \$ Amount (Not to Exceed): \$2,753,653.00 Adjusted \$ Amount (+/-): _____
 Other Party: Clean Energy
 Project Title: Compressed Natural Gas (CNG) and Renewable Compressed Natural Gas (RNG)
 Project #: _____ Bid/RFQ/RFP #: _____
 City Council Approval: YES if YES, Council File ID#: 2021-00429

Contract Processing Contacts

Department: Public Works Project Manager: Alison Kerstetter
 Contract Coordinator: Song Moua Email: smoua@cityofsacramento.org

Department Review and Routing

Accounting:	-	(Signature)	(Date)
Supervisor:	-	(Signature)	(Date)
Division Manager:	-	(Signature)	(Date)
Other:	-	(Signature)	(Date)

Special Instruction/Comments (i.e. recording requested, other agency signatures required, etc.)

Recording Requested **Other Party Signature Required**

-----**FOR CLERK & IT DEPARTMENTS ONLY- DO NOT WRITE BELOW THIS LINE**-----

CNG FUEL PRICE AGREEMENT

Effective Date	April 5, 2021
Customer	City of Sacramento, a California municipal corporation
Term	Commences on the Effective Date and ends on the one-year anniversary of the Effective Date. The Agreement may be extended for four (4) consecutive one (1) year terms upon the mutual written agreement of the Parties prior to the commencement of the corresponding renewal term.
Stations	(1) The Atlas Refuel South Area Transfer Station located at 8550 Fruitridge Road, Sacramento, CA 95826 (the "Atlas Station") and (2) the Paratransit, Incorporated Station located at 2501 Florin Road, Sacramento, CA 95822 (the "Paratransit Station"), collectively "the Stations". In the event Customer's authorization to fuel at the Paratransit Station is revoked or terminated by Paratransit, Incorporated, Customer will cease fueling at the Paratransit Station immediately, and notwithstanding anything to the contrary in this Agreement, the references to the Paratransit Station and the Paratransit Agreement shall be deemed to be automatically struck from this Agreement.
Fuel Type	Compressed Natural Gas ("CNG") or Renewable Compressed Natural Gas ("RNG")
Gallon Equivalent	Gasoline gallon equivalent ("GGE")
Fuel Price	Customer's price per GGE for purchases of CNG or RNG from the Stations are based on Pacific Gas and Electric Company ("PG&E") Compressed Natural Gas Service ("G-NGV2") rates published on PG&E's Gas Rate Finder, which is updated monthly and is published at https://www.pge.com/tariffs/GRF.SHTML . Customer's price per GGE for purchases of fuel from the Stations will be billed at the monthly PG&E G-NGV2 Gasoline Gallon Equivalent plus Public Purpose Program ("PPP") Surcharge. Fuel transactions will be invoiced monthly for the prior month, and such invoices shall provide transaction details by date and quantity. Details regarding the amount of RNG supplied to Customer from the Stations will be provided to Customer within ninety (90) days after the end of each calendar quarter.
Special Provisions	During the term of this Agreement, including any renewal terms, Customer shall purchase CNG or RNG from the Stations on an "as needed" basis, up to a total amount not to exceed \$2,753,653. Unless such not-to-exceed amount is increased by an amendment to this Agreement: (a) this Agreement shall automatically terminate upon CE's receipt of \$2,753,653, cumulatively, from Customer under this Agreement; and (b) the City shall not purchase more than \$2,753,653 of CNG or RNG, cumulatively, under this Agreement. At the Atlas Station, CE agrees that at least 30% of the fuel provided to Customer each quarter will be RNG, subject to production.

This CNG Fuel Price Agreement ("Agreement") is entered into on the Effective Date between Customer and Clean Energy, a California corporation ("CE") located at 4675 MacArthur Court, Suite 800, Newport Beach, California 92660. Customer and CE are referred to collectively as the "Parties" and individually as a "Party." The Parties desire to establish rates for Customer's purchase of the Fuel Type for its natural gas vehicles. The Parties hereby agree to the following:

1. Fuel Price.

Customer shall pay CE the Fuel Price for each Gallon Equivalent of the Fuel Type sold to Customer at the Stations. Customer shall complete the Fuel Card Application (attached as Exhibit A), comply with its terms and conditions and use its Clean Energy Fuel Card(s) for its purchases of the Fuel Type from the Stations during the Term. CE will invoice Customer directly and Customer must pay each invoice within 30 days. **IF PERMITTED BY LAW, CE MAY PASS THROUGH TO CUSTOMER ANY SURCHARGES INCURRED BY CE RELATED TO CUSTOMER'S PAYMENT OF ITS INVOICES THROUGH USE OF A CREDIT CARD.** Customer acknowledges and agrees that it is solely responsible for taking all safety precautions related to and obtaining any training necessary for the safe fueling of natural gas vehicles at the Stations. Customer hereby releases CE from all loss, damage, or injury whatsoever, known or unknown, arising out of or in any manner related to Customer's or Customer agents' use of the Stations.

2. Term and Termination.

The term of this Agreement shall begin on the Effective Date. CE may terminate this Agreement at any time upon 30 days written notice to Customer. However, notwithstanding the foregoing or anything to the contrary in this Agreement, in the event: (a) the CNG Facility Marketing Services Agreement, dated July 18, 2013, by and between Atlas ReFuel, LLC and CE (the "Atlas Agreement") terminates, Customer shall cease, on the day indicated by CE, the purchase of fuel at the Atlas Station during the remainder of the

Term; or (b) the Compressed Natural Gas Vehicle Fueling Station Agreement by and between Paratransit, Incorporated and CE, dated June 2, 2014 (the "Paratransit Agreement") terminates, Customer shall cease, on the day indicated by CE, the purchase of fuel at the Paratransit Station. CE shall provide Customer with a written notice which specifies the effective date of termination of the Atlas Agreement or Paratransit Agreement.

3. Miscellaneous

Neither Party shall have the right to assign its rights or obligations hereunder, in whole or in part, without obtaining the prior written consent of the other Party and any attempted assignment without such prior written consent shall be void. Permitted assigns shall have the benefit of, and shall be bound by, all terms and conditions of this Agreement. All matters arising under or relating to this Agreement will be governed by the laws of the State of California. Neither Party shall have any liability to the other Party for incidental, special nor consequential damages, including lost profits and business interruption damages, arising under this Agreement or the transactions contemplated hereby. Each Party giving a notice under this Agreement will give the notice in writing and delivered via personal delivery or overnight carrier to the Party's address set forth in this Agreement or to such other address designated by such Party. No change, amendment or modification of any of the provisions of this Agreement will be binding unless in writing that identifies itself as an amendment to this Agreement which is signed by the Parties. This Agreement constitutes the final agreement between the Parties and supersedes all prior and contemporaneous negotiations and agreements relating to the subject matter of this Agreement. This Agreement may be executed in one or more counterparts, with the same effect as if the parties had signed the same document. Each counterpart so executed will be deemed to be an original, and all such counterparts will be construed together and will constitute one agreement. Neither Party shall disclose the terms of this Agreement to any third party unless required by law or regulation.

By directing their authorized representative to execute below, the Parties hereby agree to be bound by this Agreement.

CLEAN ENERGY

By: _____
Name: _____
Title: _____
Address: 4675 MacArthur Court, Suite 800
Newport Beach, CA 92660

CITY OF SACRAMENTO

By: _____
Name: Hector Barron
Title: Assistant City Manager
Address: 915 I Street
Sacramento, CA 95814

Approved By:

City Attorney

Attested By:

City Clerk

Exhibit A
Fuel Card Application

(See Attached)