

# Staff Summary Report



Council Meeting Date: 6/28/2012

Agenda Item Number: 5B18

**SUBJECT:** Request approval of a fifty-eight (58) month contract renewal with Clean Energy Fuel Corporation, for maintenance and repair services for the liquid/compressed natural gas fueling station at the East Valley Bus Operations and Maintenance facility.

**DOCUMENT NAME:** 20120628fsmg01 PURCHASES (1004-01)

**COMMENTS:** Total cost for this contract shall not exceed \$2,083,200.00 over the 58-month contract period.

**PREPARED BY:** Michael Greene, C.P.M., Central Services Administrator, 480-350-8516

**REVIEWED BY:** Jerry Hart, CPA, Deputy Finance & Technology Director-Finance, 480-350-8505  
Don Bessler, Public Works Director, 480-350-8205  
Greg Jordan, Interim Transit Manager, 480-858-2994  
Mike Nevarez, Transit Operations Coordinator, 480-858-2209  
Scott Balck, Transportation Facility Supervisor, 480-350-8295  
R.C. Noderer, Transit Operations Coordinator, 480-350-8893

**LEGAL REVIEW BY:** Dave Park, Assistant City Attorney, 480-858-8907

**DEPARTMENT REVIEW BY:** Ken Jones, Finance and Technology Director, 480-350-8504

**FISCAL NOTE:** (Contract 08-077) Sufficient funds have been included in cost center 3914 (Transit Fund) for the 2012/2013 fiscal year.

**RECOMMENDATION:** Approve the contract renewal.

City Council originally approved this contract on December 13, 2007 for a fifty-eight (58) month term with one, fifty-eight (58) month renewal option. The initial award term had a retroactive stipulation to September 1, 2007. The contract was originally awarded to NorthStar, Inc. Clean Energy Fuels Corporation acquired NorthStar on December 8, 2010 and has assumed the contract through assignment.

The scope of work for this contract provides for the preventative/corrective maintenance for the liquid/compressed natural gas fuel station located at the East Valley Bus Operations and Maintenance facility (EVBOM). The contractor will be required to perform preventative and corrective maintenance on the entire fueling station facility in accordance with established maintenance and performance specifications to include all labor, consumables, repair, rebuild and replacement costs.

### Contractor Performance

The performance of Clean Energy Fuels Corporation was rated by the Transportation Division on the following criteria:

- Personnel are responsive, cooperative and available;
- Overall quality of products or services delivered;
- Timeliness of performance;
- Quality of follow-up in resolving complaints or problems; and
- Firm's promptness in submitting accurate invoices;

In all categories, Clean Energy received scores indicating they are meeting standards established by the contract.

Cost

The City has negotiated a 20% reduction in pricing for the renewal term. The original pricing for this project was based on a \$25,000 per month fee plus \$0.04 per gallon of fuel dispensed. The new pricing will be \$20,000 per month plus \$0.04 per gallon of fuel dispensed. There are no minimum quantity guarantees in this contract. The \$0.04 per gallon price paid to Clean Energy is based only on the amount of LNG fuel actually used – dispensed by the City. Pricing will be adjusted annually based on the Consumer Price Index. The following matrix displays the make-up of total contract costs over the 58-month term:

Monthly cost at \$20,000 for 58 months.....	\$1,160,000.00
LNG fuel consumption at \$0.04 per gallon..... for an estimated 17,500,000 gallons	\$ 700,000.00
3% CPI inflation factor contingency.....	\$ <u>223,200.00</u>
Total estimated 58-month cost of contract.....	\$ <u>2,083,200.00</u>

Recommendation

It is recommended that the contract be renewed.