



# City of Carson

## Report to Mayor and City Council

June 4, 2014  
New Business Consent

**SUBJECT: CONSIDER APPROVING A PURCHASE ORDER EXTENSION WITH CLEAN ENERGY TO PROVIDE NATURAL GAS FUEL TO THE CITY OF CARSON'S FIXED ROUTE BUS SYSTEM, THE CARSON CIRCUIT**

Submitted by Cedric L. Hicks, Sr.  
Director of Community Services

Approved by Nelson Hernandez  
City Manager

### **I. SUMMARY**

The City of Carson operates the Carson Circuit, a transit system of eight routes that service different areas of the City (Exhibit No. 1). The City has purchased the fuel that is used by its twelve Compressed Natural Gas (CNG) buses from Clean Energy since 2009. The purchase order contract expired at the end of last calendar year, December 31, 2013. Prior to that date and in the time since, staff has been negotiating a purchase order extension for the period January 1, 2014, through December 31, 2015. Unfortunately, negotiations have taken longer than anticipated, which caused a delay in presenting this item. Tonight, the City Council is asked to consider approving a two-year extension of the purchase order contract with Clean Energy at an estimated cost of \$228,000.00 per year.

### **II. RECOMMENDATION**

TAKE the following actions:

1. RATIFY CNG fuel purchases made from January 2014 through May 2014.
2. APPROVE a two-year purchase order contract extension with Clean Energy for the period January 1, 2014, through December 31, 2015, for an estimated \$228,000.00 per year.
3. WAIVE the formal bidding procedures as defined by the Carson Municipal Code Section 2607 (Exhibit No. 2).

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

### **IV. BACKGROUND**

The City of Carson operates its own fixed-route bus system, the Carson Circuit. This service is provided via the City's contractor, First Transit, which handles seven of the Circuit's eight routes, and staff that run the North/South Shuttle. In addition to providing local service to the Carson community, the Circuit acts as feeder/connector service to other regional transit providers, such as the

Metropolitan Transit Authority (MTA) for both bus and rail and Torrance Transit. All routes begin and end at the South Bay Pavilion Mall.

Since 2009, the City has maintained a purchase order contract with Clean Energy to provide fuel for the Circuit's twelve Certified Natural Gas (CNG) buses. This fuel is purchased from a station located at the corner of Sepulveda Boulevard and Figueroa Street. The contract expired at the end of last calendar year, December 31, 2013. Prior to that date and in the time since, staff has been negotiating an extension through the end of December 31, 2015. On April 16, 2014, staff was informed that Clean Energy had agreed to extend its contract with the City, and, more importantly, continue its preferential fuel price based on a discount of \$0.05 off the pump price (Exhibit No. 3). This term coincides with staff's anticipated plans to extend the City's contract with First Transit through its two one-year extensions. The period will allow the City to continue to provide this service while preparing, releasing, and completing a Request for Proposal (RFP) process that will select a service provider and obtain new buses for the Carson Circuit.

Staff anticipates that the estimated cost of extending the purchase order contract for two years is \$228,000.00 per year, based on a monthly consumption average of approximately \$19,000.00 per month. Tonight, the City Council is asked to approve the contract extension with Clean Energy for the period January 1, 2014, through December 31, 2015, and to ratify all purchases made from January through May. Finally, the City Council is asked to waive the bidding process due to the preferential fuel price and the accessibility of the fueling station.

**V. FISCAL IMPACT**

Funds for this item were included in the FY 2013/14 Proposition A and Proposition C budgets, and will be included in the FY 2014/15 budgets of the same funds in account numbers 18-90-999-180-7310 and 19-90-999-180-7310.

**VI. EXHIBITS**

1. Map of Carson Circuit. (pg. 4)
2. CMC Section 2607. (pg. 5-6)
3. Clean Energy Confirmation Letter. (pg. 7)

Prepared by: Luchie S. Magante, Sr. Administrative Analyst  
*Document 1*

*TO: Rev05-07-2014*

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

**Action taken by City Council**

Date \_\_\_\_\_ Action \_\_\_\_\_

# CARSON CIRCUIT TRANSIT SYSTEM

SEE OTHER SIDE FOR INDIVIDUAL ROUTES AND SCHEDULES

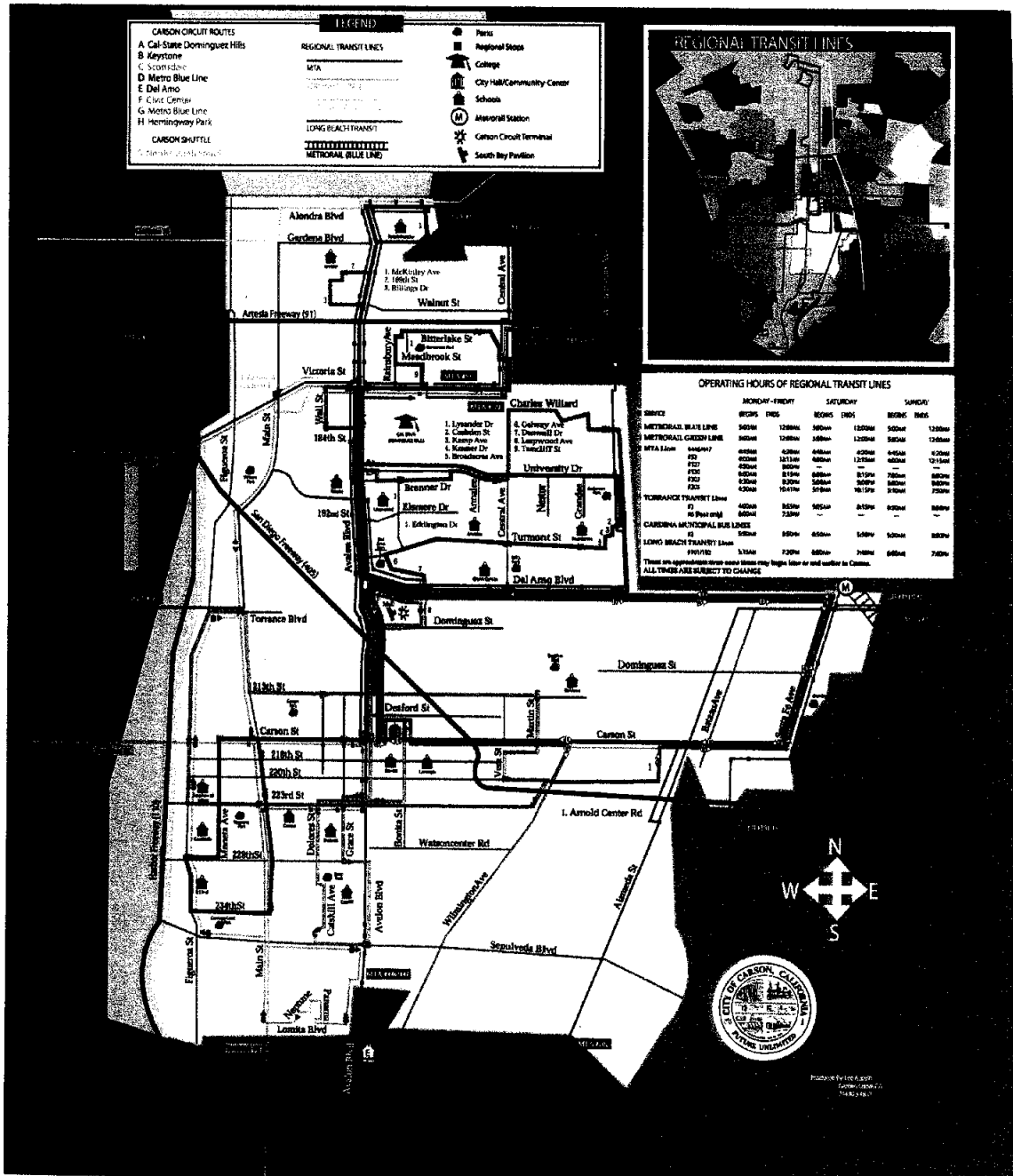


EXHIBIT NO 01

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## **2607 Formal Bidding Procedure.**

Except as otherwise provided herein, purchases and contracts for supplies and equipment of an estimated value greater than \$25,000 shall be by sealed bid and written contract with the lowest responsible bidder.

(a) Notice Inviting Bids. Notices inviting sealed bids shall include a general description of the articles to be purchased, shall state where bid blanks and specifications may be secured, and the time and place for opening bids.

(1) Published Notice. Notice inviting sealed bids shall be published at least ten (10) days before the date of opening of the bids. Notice shall be published at least once in a newspaper of general circulation, printed and published in the City, or if there is none, it shall be posted in at least three (3) public places in the City that have been designated by ordinance as the places for posting public notices.

(2) Bidders' List. The Purchasing Manager shall also solicit sealed bids from responsible prospective suppliers whose names are on the Bidders' List or who have requested their names to be added thereto.

(3) Bulletin Board. The Purchasing Manager shall also advertise pending purchases by a notice posted on a public bulletin board in the City Hall.

(b) Bidder's Security. When deemed necessary by the Purchasing Manager, bidder's security may be prescribed in the public notices inviting bids. Bidders shall be entitled to return of bid security; provided, that a successful bidder shall forfeit its bid security upon refusal or failure to execute the contract within ten (10) days after the notice of award of contract has been mailed, unless the City is responsible for the delay. The City Council may, on refusal or failure of the successful bidder to execute the contract, award it to the next lowest responsible bidder. If the City Council awards the contract to the next lowest bidder, the amount of the lowest bidder's security shall be applied by the City to the difference between the low bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.

(c) Bid Opening Procedure. Sealed bids shall be submitted to the Purchasing Manager and shall be identified as bids on the envelope. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.

(d) Rejection of Bids. In its discretion, the City Council may reject any and all bids presented and re-advertise for bids.

(e) Award of Contracts. Contracts shall be awarded by the City Council to the lowest responsible bidder except as otherwise provided in this Chapter. In the event that the lowest responsible bid is \$25,000 or less, the contract may be awarded under CMC 2608 without the need for City Council action.

(f) Tie Bids. If two (2) or more bids received are the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay of re-advertising for bids, the City Council

may accept the one (1) it chooses or accept the lowest bid made by negotiation with tie bidders at the time of the bid opening.

(g) Performance Bonds. The City Council shall have authority to require a performance bond before entering a contract in such amount as it shall find reasonably necessary to protect the best interests of the City. If the City Council requires a performance bond, the form and amount of the bond shall be described in the notice inviting bids. (Ord. 42, § 1; Ord. 80-507, § 1; Ord. 88-829, § 1; Ord. 98-1134, § 1; Ord. 00-1216, §§ 5, 6; Ord. 13-1526, § 3)



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April 16, 2014



Attn: Luchie Magante  
City of Carson  
Transportation Department  
801 East Carson Street  
Carson, CA 90745

Re: Purchase Order PEID # 110757

Dear Ms. Magante:

Pursuant to recent discussions between Clean Energy and the City of Carson, this letter shall confirm that Clean Energy will extend the preferential CNG fuel price (\$0.05 off the posted retail rate) provided under the above-referenced purchase order through December 31, 2015.

If you have any questions regarding this letter, please feel free to contact me at (949) 437-1000 or [pgrace@cleanenergyfuels.com](mailto:pgrace@cleanenergyfuels.com).

Regards,

A handwritten signature in black ink, appearing to be "Peter Grace", written over a circular stamp or seal.

Peter Grace  
Senior Vice President,  
Sales and Finance

EXHIBIT NO 03

