



City of Carson Report to Mayor and City Council

July 5, 2011
New Business Consent

SUBJECT: CONSIDER APPROVAL OF THE AMENDMENT TO THE CLEAN ENERGY CONTRACT TO PROVIDE FUELING SERVICES FOR THE CARSON CIRCUIT CONTRACT

Submitted by M. Victor Kollinger
Development Services General Manager

Approved by Clifford W. Graves
Interim City Manager

I. SUMMARY

On July 15, 2008, the City Council approved a five-year contract with First Transit, Inc. to operate the Carson Circuit Bus System (Exhibit No. 1). The contract included a provision that the city pay the fuel cost for the Compressed Natural Gas (CNG) vehicles.

On June 16, 2009, the City Council approved a five-year contract with Clean Energy to provide the CNG fuel for the Carson Circuit buses (Exhibit No. 2).

In evaluating the CNG fuel usage of the Carson Circuit buses, staff has determined that the original projections for the existing contract fall short of the actual usage; therefore staff is asking for City Council consideration to amend the existing contract to accommodate the increased cost of providing CNG fuel for the Carson Circuit Bus System (Exhibit No. 3).

II. RECOMMENDATION

TAKE the following actions:

1. APPROPRIATE \$27,000.00 from the unreserved, undesignated Proposition A fund balance, and \$18,000.00 from the unreserved, undesignated Proposition C fund balance to account nos. 18-80-999-180-7310 and 19-80-999-180-7310, respectively, to augment the amount currently budgeted for the CNG fuel for the Carson Circuit Bus System for the remainder of FY 2010/11.
2. APPROVE an amendment to the Clean Energy contract to increase the amount of the contract as follows: \$217,000.00 for CY 2009, \$230,000.00 for CY 2010, and \$265,000.00 for CYs 2011–2013.

III. ALTERNATIVES

TAKE another action that the City Council deems appropriate.

IV. BACKGROUND

Since January 2009, First Transit has been operating CNG-fueled vehicles for the operation of the Carson Circuit bus system. The buses are fueled at the Clean Energy CNG station at the corner of Sepulveda Boulevard and Figueroa Street.

As of May 2011, \$109,712.58 has been spent on fuel (Exhibit No. 4). Taking the average of those five months of actual usage provides a monthly average cost of \$21,942.52. Using that monthly cost and projecting it for 12 months would place the annual cost of providing the CNG fuel for the Carson Circuit bus system at approximately \$265,000.00.

The Los Angeles Metropolitan Transportation Authority (MTA) has already approved the use of Proposition C funds to cover the CNG fuel costs.

In November 2008, Purchasing and Development Services staff met with Clean Energy regarding the CNG fueling needs for the Carson Circuit program. At that time, a proposal was submitted offering a one-year preferential fuel price based on a discount of \$0.05 off the Clean Energy's pump price. The price may be negotiated at the conclusion of the term.

On June 9, 2010, the City received a letter from Clean Energy stating that they were extending the one-year preferential CNG fuel price of \$0.05 off the posted retail price on a month-to-month basis (Exhibit No. 5).

If the City Council approves the amendment to Clean Energy for fueling costs associated with the Carson Circuit program, it will allow staff to pay the invoices in a timely manner and avoid possible disruption in services.

V. FISCAL IMPACT

Funds for this contract were included in the FY 2010/11 Proposition A and Proposition C budgets, but the total cost exceeds the \$220,000.00 budget, therefore, the budget needs to be increased by \$45,000.00.

Funds should be appropriated from the, unreserved, undesignated Proposition A (60%) and Proposition C (40%) fund balances to account nos. 18-80-999-180-7310 and 19-80-999-180-7310, respectively.

VI. EXHIBITS

1. City Council Meeting Minutes, July 15, 2008, Item No. 20 (pgs. 4-5)
2. City Council Meeting Minutes, June 16, 2009, Item No. 12 (pg. 6)
3. Matrix of Clean Energy Monthly Costs – 2010 Calendar Year (pg. 7)
4. Matrix of Clean Energy Monthly Costs – 2011 Calendar Year (pg. 8)
5. Clean Energy Letter – dated June 9, 2010 (pg. 9)

Document3

Prepared by: Isabella Meni, Acting Transportation Supervisor

TO:Rev032811

Reviewed by:

City Clerk	<u>City Treasurer</u>
<u>Administrative Services</u>	<u>Development Services</u>
<u>Economic Development Services</u>	<u>Public Services</u>

Action taken by City Council

Date _____ Action _____



MINUTES
CARSON CITY COUNCIL
REGULAR MEETING
JULY 15, 2008

ITEM NO. (20) CONSIDER APPROVAL TO AWARD A SERVICE CONTRACT TO FIRST TRANSIT, INC. TO OPERATE THE CARSON CIRCUIT (DEVELOPMENT SERVICES)

This item was heard after Item No. 19.

(Mayor Pro Tem Gipson exited and reentered the meeting at 11:58 P.M.)

Public Comments

Dr. Rita Boggs, 21328 Island, Carson, California 90745, urged the City Council to award the contract to Transportation Concepts, the low bidder.

Ronald Shimokaji, 1502 E. Carson Street, No. 135, Carson, California 90745, reiterated safety concerns expressed on July 1, 2008 relative to First Transit, the City's current provider.

(Mayor Pro Tem Gipson exited and reentered the meeting at 12:11 A.M. on July 16, 2008.)

Shawn A. Chaviva, 5357 Valley Boulevard, Los Angeles, California 90032, General Manager of Operations, representing First Transit, offered comments in support of the staff recommendation to award the contract to First Transit.

Eric Estell, 7581 Willow Drive, Ste. 103, Tempe, Arizona 85283, representing First Transit, offered comments in support of the staff recommendation to award the contract to First Transit.

Don White, 13501 Benson Avenue, Chino, California 91710, representing Creative Bus Sales, informed the City Council that his firm was the only bus dealership supplying AH Fuel-Low Fuel Buses who could offer an on-time guarantee for the Carson Circuit project.

Geri Willis, General Manager, SMS Transportation Services, discussed his desire for the opportunity to serve the City of Carson.

Mayor Dear requested a roll call vote. Whereupon, a discussion ensued regarding whether or not a challenge to the request of the Mayor was allowed and let the City Council vote electronically.

RECESS: The City Council was Recessed at 1:09 A.M., on July 16, 2008, by Mayor Dear.

RECONVENE: The City Council was Reconvened at 1:14 A.M. on July 16, 2008, by Mayor Dear with all members previously noted present.

Mayor Dear withdrew his request for a roll call vote.

Mayor Pro Tem Gipson offered a friendly amendment to the motion to include a quarterly review of the contractor's performance to be brought back to the City Council to monitor the levels of performance, violations of the contract, and fines or penalties for the life of the contract, which was accepted by the maker and the second and carried by the following vote:

Ayes: Mayor Dear, Council Member Santarina, and Council Member Davis-Holmes
Noes: Mayor Pro Tem Gipson
Abstain: Council Member Williams
Absent: None

ITEM NO. (12) CONSIDER APPROPRIATION OF FUNDS TO COVER THE COST OF THE CNG FUEL FOR THE OPERATION OF THE CARSON CIRCUIT (DEVELOPMENT SERVICES)

RECOMMENDATION for the City Council:

TAKE the following actions:

1. APPROPRIATE \$90,000.00 from the unreserved, undesignated Proposition C fund balance to account no. 19-80-999-180 7310 to cover the cost of the CNG fuel for the Carson Circuit buses for FY 2008/09.
2. WAIVE the formal bidding procedures as defined by the Carson Municipal Code Section 2607.
3. AWARD a purchase order contract to Clean Energy for fuel costs associated with the Carson Circuit Program, for a 5-year period beginning January 1, 2009 and ending in December 31, 2013, not to exceed an amount of \$200,000.00 per calendar year.

ACTION: It was moved to Approve New Business Consent Calendar Item Nos. 4, 7, 8, 9, 10, 12, 13, 14, and 15 on motion of Dear, seconded by Gipson and unanimously carried by the following vote:

Ayes: Mayor Dear, Mayor Pro Tem Davis-Holmes, Council Member Santarina, Council Member Gipson, and Council Member Ruiz-Raber
Noes: None
Abstain: None
Absent: None



Clean Energy Monthly Bills
2010 Calendar Year

<u>Month</u>	<u>Amount</u>	<u>TOTAL TO DATE</u>
January-10	\$20,069.84	\$20,069.84
February-10	\$17,559.81	\$37,629.65
March-10	\$23,003.86	\$60,633.51
April-10	\$20,091.96	\$80,725.47
May-10	\$18,640.19	\$99,365.66
June-10	\$19,407.72	\$118,773.38
July-10	\$22,193.91	\$140,967.29
August-10	\$18,280.63	\$159,247.92
September-10	\$19,130.89	\$178,378.81
October-10	\$14,795.88	\$193,174.69
November-10	\$16,031.13	\$209,205.82
December-10	\$20,300.76	\$229,506.58
	TOTAL	\$229,506.58
	City Council Approved Annual Budget	\$200,000.00
	Overage - 2010 Calendar Year	\$29,506.58
	Overage - 2009 Calendar Year	\$16,287.31
	TOTAL	\$45,793.89



Clean Energy Monthly Bills
2011 Calendar Year

<u>Month</u>	<u>Amount</u>
January-11	\$18,983.84
February-11	\$20,286.48
March-11	\$21,646.44
April-11	\$24,908.99
May-11	\$23,886.83
TOTAL	\$109,712.58



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Derek D. Turbide
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Transit, Southern California

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June 9, 2010

Martha Ceja
City of Carson
P.O. Box 6234
Carson, CA. 90749

Subject: City of Carson Preferential CNG Fuel Price

Dear Ms. Ceja:

I enjoyed meeting you earlier this year to discuss the status of the City of Carson's CNG fleet and its preferential fuel price program with Clean Energy. I appreciate the City's commitment to the use of clean and domestic, natural gas for transportation.

Per our discussion, I am pleased to report that Clean Energy is extending the City's one-year preferential CNG fuel price of \$0.05 off the posted retail price on a month-to-month basis. The discount will be retroactive to January 1, 2010 and will continue until terminated by either party with 30-days written notification.

Thank you for your business and partnership. Please feel free to contact me at (619) 818-7186 or dturbide@cleanenergyfuels.com if I can be of any assistance.

Sincerely,

Derek D. Turbide

Derek D. Turbide
Business Development Manager

North America's leader in clean transportation

EXHIBIT NO. 05

