

City of Sacramento

Legislation Text

File #: 2020-00677, **Version:** 1

Title:

Contract: Interagency Reimbursement for Renewable Liquified Natural Gas [Published for 10-Day Review 06/19/2020]

File ID: 2020-00677

Location: Citywide

Recommendation:

Pass a Motion: 1) continuing the use of the Interagency Reimbursement Contract between the County of Sacramento and the City of Sacramento Department of Public Works, Fleet Management Division based on the cooperative purchase contract (Contract No. WA00038567) with Clean Energy for the purchase of renewable liquified natural gas and increasing the amount not to exceed by \$400,000 for a revised total contract amount not to exceed of \$1,303,616 until June 30, 2021, or until the agreement is no longer available for use; and

2) authorizing the City Manager or the City Manager's designee to execute the purchases specified above.

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 an ongoing requirement to purchase renewable liquified natural gas (RLNG) for the Department of Public Works, Solid Waste and Recycling Division. The contract allows for the City to fuel equipment at the County's fueling sites to allow for a more efficient fueling process at different places within the service area.

Policy Considerations: The recommendations in this report are in accordance with Sacramento City Code Chapter 3.56 and Section 4.04.020 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 item was published for 10-Day review on June 19, 2020 as required.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act: No environmental review is necessary because the recommendations in this report involve the purchasing of renewable liquified natural gas and are not considered to be a project in accordance with Section 15378(b)(2) of the California Environmental Quality Act guidelines.

Sustainability: The recommended purchases in this report are consistent with the updated Fleet Sustainability policy, adopted by City Council on December 12, 2017 (Resolution No. 2017-0478). The County's cooperative purchase contract with Clean Energy is for the purchase of RNLG which is a form of liquified natural gas (LNG) that is produced from solid waste material. RNLG is considered to be more environmentally friendly than LNG which is generated from fossil, or nonrenewable, sources.

Commission/Committee Action: None

Rationale for Recommendation: In past years, the County has issued a Request for Bid (RFB) for RLNG. The City was named as a contract participant and the RFB listed City fueling sites to capture greater savings in bulk buying. In June 2019, the County issued an RFB No. 8663 for RNLG. Clean Energy was awarded the contract (Contract No. WA00038567). The interagency agreement allows the City to fuel at the County's North Area Transfer Station (NATS) located at 4450 Roseville Road, North Highlands, California. The Fleet Management Division has determined that, due to a higher rate of utilization than originally anticipated, the current spending authority will be exhausted prior to the end of the contract term and recommends increasing the spending authority to avoid any disruption in service.

Using the cooperative purchase agreement with the County of Sacramento and Clean Energy represents the most advantageous purchasing strategy. The contract was competitively bid, and the County of Sacramento receives greater discounts from the manufacturer due to a higher purchase volume than the City would receive if issuing its own bid.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers capital costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract.

The City has used both regional and national cooperative purchase agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments to evaluate a broader range of contracting opportunities and to share resources with other jurisdictions. Cooperative purchasing also leverages internal and external resources to maximize cost savings opportunities for the City.

Financial Considerations: Sufficient funds are available in the Department of Public Works, Fleet Management Division's Fiscal Year (FY) 2020/21 operating budget (Fleet Fund, Fund 6501) to make purchases 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 for the City's use of cooperative purchase agreements that have been competitively bid, evaluated, and awarded by other governmental agencies that may or may not have similar LBE programs.