



Legislation Text

File #: 2019-093, Version: 1

Report to Mayor and City Council

Tuesday, February 05, 2019

Consent

SUBJECT:

CONSIDER RATIFYING PAYMENTS TO CLEAN ENERGY FUELS CORP. FOR FUEL PURCHASES FROM JULY 2018 THROUGH DECEMBER 2018, APPROVING A BLANKET PURCHASE ORDER WITH CLEAN ENERGY FUELS CORP. FOR THE PERIOD JANUARY 1, 2019 THROUGH JUNE 30, 2019, AND ADOPTING RESOLUTION NO. 19-032 AMENDING THE 2018-2019 BUDGET TO APPROPRIATE \$45,553.73 TO COVER ANTICIPATED COSTS THROUGH JUNE 30, 2019 (CITY COUNCIL)

I. SUMMARY

The City of Carson operates the Carson Circuit, a fixed-route public transit system that services defined areas of the City (Exhibit No. 1). CNG fuel used for the buses is purchased from Clean Energy Fuels Corp. (Clean Energy). Ongoing contract negotiations with Clean Energy have led to a number of invoices that have not yet been paid, and the need to establish a blanket purchase order for purchases made until the end of this fiscal year. The City Council is asked to consider ratifying the payment of fuel purchases rendered for the period July 2018 through December 2018 in the amount of \$152,553.73. Additionally, staff is requesting the approval of a blanket purchase order with Clean Energy for the period January 1, 2019 through June 30, 2019 at an estimated maximum of \$28,000.00 per month. These actions require a waiver of Carson Municipal Code (CMC) Section 2605 which requires a written contract for services. Staff anticipates having an executed contract in place before the end of the fiscal year.

II. RECOMMENDATION

1. RATIFY the payment of CNG fuel purchases made from Clean Energy from July 2018 through December 2018 in the amount of \$152,553.73.
2. APPROVE a six-month blanket purchase order with Clean Energy for the period January 1, 2019 through June 30, 2019, at an estimated maximum of \$28,000.00 per month.
3. WAIVE the written contract procedures for purchases of services \$5,000 or greater over a fiscal year as defined by the Carson Municipal Code (CMC) Section 2605.

4. WAIVE further reading and ADOPT Resolution No. 19-032, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AMENDING THE FISCAL YEAR 2018-19 BUDGET IN THE TRANSPORTATION DIVISION FOR CERTIFIED NATURAL GAS"

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The City of Carson's fixed-route bus system, the Carson Circuit, is comprised of eight (8) routes that run 40-minute loops, beginning at 5:00 AM and ending at 6:40 PM, through designated areas of the City. In addition to providing local services to the Carson community, the Circuit acts as a feeder/connector to other regional providers such as the Metropolitan Transit Authority (Metro) for both bus and rail, Torrance Transit, and Long Beach Transit. All routes begin and end at the South Bay Pavilion Mall.

Clean Energy Fuels Corp. (Clean Energy) is a nation-wide provider of CNG fuel. Since 2009, the City has maintained a purchase order with Clean Energy to buy fuel for its buses due to the accessibility of multiple CNG fueling stations in Carson and Long Beach. The changeover of the City's finance system to Tyler Munis has solidified the City's requirements that all services be procured under contracts and not less-formal purchase orders, which had been the City's practice for many years. Clean Energy is one of the older purchase orders, but when the new system went live in July, Finance staff was unable to allow a purchase order to be opened, leaving the City unable to pay the vendor, who continued to supply the fuel. Staff is currently negotiating a contract with Clean Energy, and anticipates its completion by the end of the current 2018-2019 fiscal year. However, there is an immediate need to pay Clean Energy for rendered fuel services. Additionally, a blanket purchase order needs to be established for future purchases leading up to the completion of the required contract, per Section 2605 (b)(2)(ii) of the CMC (Exhibit No. 2). Bidding is not required for purchases of CNG as fuel purchases fall under the category of Other Purchases as defined by Section 2611 (i)(11) of the CMC (Exhibit No. 3).

The City Council is asked to ratify the payment of rendered purchases in the amount of \$152,553.73 for the period July 2018 through December 2018. The City Council is also asked to waive the written contract procedure as defined in the CMC and approve a six-month blanket purchase order with Clean Energy for the period January 1, 2019 through June 30, 2019. Lastly, the City Council is asked to appropriate \$45,553.73 to fund all invoices through the end of the fiscal year by adopting Resolution No. 19-032 (Exhibit No. 4).

V. FISCAL IMPACT

Currently, there are \$275,000 in appropriations. An additional \$45,553.73 of budget appropriations is needed to cover the \$152,553.73 invoice and the six-month blanket purchase order of \$168,000.

VI. EXHIBITS

1. Map of Carson Circuit (page 4).
2. CMC Section 2605 (pages 5-6).
3. CMC Section 2611 (pages 7-12).
4. Resolution No. 19-032 (pages 13-14).

Prepared by: Jason J. Jo, Transportation Services Supervisor