



City Council Report

Date: September 21, 2020
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Matt Bauer, Procurement Administrator
Subject: Nine-Month Term Contract with Four 1-Year Renewal Options for Compressed Natural Gas (CNG) Station Maintenance and Repair Agreement for the Environmental Management & Sustainability Department **(Citywide)**

Recommendation

Council is requested to approve the award as recommended.

The Environmental Management & Sustainability and Energy Resources Departments and Purchasing recommend authorizing the purchase using the City of Scottsdale cooperative contract with Wyoming Northstar Incorporated dba Clean Energy Cryogenics at \$192,000 annually, with an annual increase allowance of up to 5%, or the adjusted Consumer Price Index.

Background / Discussion

The CNG compressors, fueling dispensers and other equipment at 730 N Mesa Drive (CNG Station) were built in 2016 pursuant to a design and installation agreement with Caliente Construction. The City contracted with Trillium Transportation Fuels, LLC for maintenance and repair services on the CNG Station from September 2016 through September 12th, 2020.

The Cities of Scottsdale, Tucson and Phoenix are currently utilizing Clean Energy Cryogenics for CNG Station Repair and Maintenance through this cooperative contract.

This agreement will provide for the maintenance, parts and repair of the CNG Station including compressors, dispensers, storage, and all other associated parts/ equipment. The contractor will also provide training for City employees relating to maintenance requirements of the CNG station.

Staff from the Environmental Management & Sustainability and Energy Resources Departments, Purchasing, and the City Attorney's Office worked to outline terms so that the agreement specifically meets the needs of Mesa's CNG Station and the City's desire to maintain a staff that is knowledgeable in the operations and maintenance of a CNG Station.

The City currently operates 70 solid waste vehicles which require fueling 6 days per week. The City anticipates ordering 6 additional solid waste vehicles, representing a complete conversion of the City's solid waste vehicle fleet from diesel to CNG. CNG solid waste

vehicles offer significant reductions in ground level emissions versus diesel which is critical for maintaining healthy air quality especially in an urban environment. Because the City is its own natural gas distributor, the City can save significant costs compared to purchasing diesel and also help regulate cost stability of natural gas supply cost fluctuations.

In addition, the City operates 5 Ford F150 CNG vehicles that are fueled on an as-needed basis and is investigating the opportunity to convert more fleet vehicles if savings targets and the ability to meet serviceability standards are met.

Purchase Information

Action: Award

Procurement Type: Cooperative Contract Use

Contract Number: 2021036

Contracting Agency/Contract Number: City of Scottsdale/17RP035

Initial Contract Term: 9 Months (through 6/30/2021)

Possible Renewals: Up to a maximum of four years subject to Administrative review and approval

Funding Source: Environmental Management & Sustainability Department operating budget in the Enterprise Fund