


BOARD MEETING DATE: May 1, 2015

AGENDA NO. 4

**PROPOSAL:** Execute Contract to Construct, Operate and Maintain Fast-Fill Public Access CNG Fueling Station at SCAQMD Headquarters and Authorize Property Usage Agreement 

**SYNOPSIS:** On December 6, 2014, the Board issued an RFP to solicit bids for an independent contractor to upgrade, operate and maintain a fast-fill public access CNG fueling station at SCAQMD Headquarters. Two bids were received that would meet current and future CNG fueling needs for the SCAQMD's natural gas fleet and the public. Staff recommends an award to the lowest cost qualified bidder. This action is to execute a contract as well as a property usage agreement with FirstCNG, LLC for a five-year term, with a renewal option for an additional five years. This action is to also augment the existing contract at a cost not to exceed \$75,000 with Trillium CNG to continue operating and maintaining the existing station. Additionally, existing CNG fueling station equipment will be surplussed and any residual value received into the Fast-Fill CNG Fueling Station Enterprise Fund (71).

**COMMITTEE:** Technology, April 17, 2015; Recommended for Approval with direction to staff to have further discussion with the Executive Officer and Chair about relocating the station.

**RECOMMENDED ACTIONS:**

1. Authorize the Chairman to execute a contract with FirstCNG, LLC to upgrade, operate and maintain the fast-fill CNG fueling station at SCAQMD Headquarters;
2. Authorize the Executive Officer to execute a property usage agreement with FirstCNG, LLC to operate the fast-fill CNG fueling station at SCAQMD Headquarters for a five-year term, with a renewal option for an additional five years;
3. Declare existing CNG fueling station equipment as surplus and authorize the removal of this equipment from the fixed asset inventory list; and

4. Authorize the Executive Officer to amend a contract with Trillium CNG to add \$75,000 from the Fast-Fill CNG Fueling Station Enterprise Fund (71) to continue the maintenance and management of SCAQMD's existing fast-fill CNG fueling station until the station is decommissioned.

Barry R. Wallerstein, D.Env.  
Executive Officer

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### **Background**

The current CNG station at SCAQMD headquarters was constructed in 2003 by Trillium CNG (formerly Pinnacle CNG). This station uses a reciprocating compressor and a hydraulic intensifier compressor (HIC) which has a combined rating of 235 horsepower. The compressor system is rated at 400 standard cubic feet per minute (SCFM) of CNG and the station has three 2-hose dispensers - one hose at 3,600 pounds per square inch (psi) and one hose at 3,000 psi. The dispensers accept most major credit cards. The SCAQMD CNG station has been maintained and managed under contract by Trillium CNG on a price-per-gallon dispensed metric. Revenues and expenses associated with this station are accounted for in the Fast-Fill CNG Fueling Station Enterprise Fund (71). The existing station equipment has been fully depreciated and has a net book value of zero for financial statement reporting but may have a residual value that will be realized through the disposal process.

On December 6, 2014, the SCAQMD issued RFP #P2015-18 to solicit bids for one or more independent contractors to lease property from the SCAQMD and upgrade the existing station with a state-of-the-art, public access CNG refueling system. The successful bidder(s) would also assume all maintenance and operating costs and responsibilities of the station including utilities, e.g., gas and electric. Successful bidders were to have proven expertise in sizing, planning, developing, installing and operating a public access CNG station. Expertise includes, but is not limited to, experience with public access CNG refueling stations and equipment, including compressors, dispensers, CNG storage vessels and driers. The RFP allowed bidders to submit proposals on all or part of the RFP tasks. The RFP included a mandatory Bidders' Conference and Site Walk on Friday, December 19, 2014. Eight companies were represented at the Bidders' Conference.

### **Outreach**

In accordance with SCAQMD's Procurement Policy and Procedure, a public notice advertising the RFP/RFQ and inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders may have been notified utilizing SCAQMD’s own electronic listing of certified minority vendors. Notice of the RFP/RFQ has been emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD’s website (<http://www.aqmd.gov>).

**Bid Evaluation**

Two proposals - one from FirstCNG, LLC and another from Clean Energy - were received by the RFP closing deadline of Friday, January 16, 2015, at 5:00 p.m. Since both proposals were deemed technically qualified, the selection process was based on the cost criteria which accounts for 30% of the base 100 points available. Additional points were awarded exclusively to FirstCNG, LLC which met the Small Business definition in the RFP, while both contractors received points as a local business.

Table 1 compares the proposed station upgrade costs and fuel rates from FirstCNG and Clean Energy. The costs are based on current utility and commodity rates, fees, taxes, etc. The table also includes the cost-share amounts requested from each proponent to achieve the fuel rate values identified in the table.

**Table 1. Proposed Project Costs and Fuel Rates**

	FirstCNG, LLC	Clean Energy
Station Upgrade Cost	\$870,000	\$1,200,000
Requested SCAQMD Cofunding	\$0	\$600,000
SCAQMD Discount Fuel Rate, < 3000 GGE/mo. (\$/GGE)	\$0.99	\$2.12
SCAQMD Discount Fuel Rate, >3000 GGE/mo. (\$/GGE)	\$1.25	\$2.12
General Consumer Fuel Rate (\$/GGE)	\$1.99	\$2.35

The two proposals have the following common elements:

- Proven CNG vehicle fueling systems
- Comparably sized compressors, driers, storage vessels and dispensers to meet current and projected future CNG fueling demands of the SCAQMD’s CNG fueling station
- 24/7 station management with local technicians and remote monitoring
- Property usage agreement
- Discount fuel rate structure for SCAQMD vehicles and a fuel rate structure for non-SCAQMD customers

The two proposals have the following distinctive differences:

- FirstCNG’s proposal is significantly more cost-effective for the SCAQMD than Clean Energy’s proposal. FirstCNG is proposing a lower fuel rate to both the SCAQMD and the public without cost-share from the SCAQMD.

- Clean Energy is a large, publicly traded company while FirstCNG is a small independently owned business with small business subcontractors.
- Clean Energy estimated a four-to-six week down time for station upgrades while FirstCNG proposed interim fueling alternatives during the station upgrade, minimizing station downtime.
- Clean Energy proposed to use a cascade fueling method and to replace the existing CNG storage vessels with refurbished and recertified tanks that can achieve 5,500 psi. FirstCNG proposed a buffer storage method and utilization of the existing onsite storage while providing additional storage.
- Compared to Clean Energy, FirstCNG is a newer entity in the area of public access CNG stations (to date they've constructed one station, which is in the South Coast Air Basin); FirstCNG is based in Minneapolis, MN, with a local office in Beverly Hills, California.

### **Proposal**

This action is to execute a contract with FirstCNG, LLC to upgrade, operate and maintain the fast-fill CNG fueling station at SCAQMD Headquarters as well as a property usage agreement with FirstCNG, LLC to operate the fast-fill CNG fueling station at SCAQMD Headquarters. Existing equipment, currently managed and maintained by Trillium CNG, will be removed from the District's fixed asset inventory list upon disposal by FirstCNG, LLC. This action is to also add \$75,000 to the existing contract with Trillium CNG to continue the maintenance and management of the existing equipment, until the current station is decommissioned from service.

FirstCNG will utilize experienced contractor services for the construction, maintenance and servicing of the station. The primary subcontractors identified in the proposal are: KPRS Construction Services (Brea, CA), Clean Fuel Connection Inc. (Arcadia, CA), and Galileo GNC<sup>1</sup> (Buenos Aires, Argentina). The subcontractors were involved in the design, permitting and construction of the newly opened FirstCNG station in Lake Forest, California, which operates under the brand name Titan NGV Fueling. The Titan CNG station is using a larger Galileo CNG compressor system than the system proposed for the SCAQMD station.

Galileo and Clean Fuel Connection Inc. will provide the equipment and technical services necessary to manage and maintain the station. The equipment for this project will be the Galileo Microbox system, which is a "Plug and Play" CNG refueling station designed by Galileo and manufactured by Galileo in Argentina. The Microbox is a fully integrated CNG compression system for CNG vehicle fueling stations that incorporates the following: a MX-200 oil-lubricated reciprocating compressor, electric drive motors

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<sup>1</sup> Galileo GNC is based in Buenos Aires, Argentina, and was established in 1987. Argentina ranks third in the world in natural gas vehicles (NGVs). NGVs represent 20% of the vehicle market in Argentina and the country has more than 1,900 natural gas fueling stations.

with a soft-start system to minimize electric peaking use, integrated electric board, an automatic lubrication system, a gas cooling system to improve filling efficiency, blowdown, metering bridge, 1,000 liters of storage, a 24- hour-a-day tracking of key performance and safety parameters such as hardware configuration, and pressures and temperatures through Galileo's web based Supervisory Control and Data Acquisition (SCADA) system. While the final configuration of the station may be adjusted to ensure it meets SCAQMD's end users, the design plan currently entails joining the Microbox system to three 2-hose dispensers, each rated at 3,600 psi, and to provide a working flow rate of 3.1 gasoline-gallon equivalents (GGE) per minute at 0.71 (kilowatt-hours) kWh per GGE.

Galileo is considered a worldwide company, but it currently has a limited presence in the U.S. In California, there are currently four Galileo systems in use. Three of the Galileo systems are operating at Southern California Gas Company (SoCalGas) sites. These include one Microbox system in Riverside that was installed in 2011, and two smaller systems marketed under the name Nanobox. The two Nanobox systems are installed and operating in Chatsworth and Bakersfield, California. The newest Galileo system is operating at the Lake Forest station built by FirstCNG. The SoCalGas Microbox system in Riverside, which is performing satisfactorily, is comparable to the station proposed for the SCAQMD station.

### **Benefits to SCAQMD**

This project will ensure that CNG fueling capabilities will continue to be provided at SCAQMD Headquarters in Diamond Bar and will encourage deployment of alternative fuel vehicles in the region. Since the Diamond Bar CNG station was first commissioned in 2003, it has realized a continuous increase in CNG fuel dispensed, averaging 1,000 GGE per month. The CNG fueling facility upgrade will provide accessible, convenient and affordable CNG for CNG-powered vehicle operators working at or visiting SCAQMD headquarters, and it is anticipated that the ownership of this facility by FirstCNG will help reduce overall electrical costs to the SCAQMD.

### **Resource Impacts**

While there is no cost-share required by the SCAQMD in the proposal from FirstCNG, it is anticipated that there will be some electrical demands to operate the CNG station. It has been determined by Southern California Edison that a separate electrical power line is required for the SCAQMD property to meter the electricity used by the CNG station and to separate this usage from the SCAQMD and bill this usage to a separate and distinct business entity. Consequently, SCAQMD staff is currently soliciting for a qualified electrical engineer to assess the current and planned electrical demands of the SCAQMD, including the work required to introduce a separate electrical line and transformer onto SCAQMD property for the CNG station. Residual value received from the disposal of the existing equipment will be recognized into the Fast-Fill CNG

Fueling Station Enterprise Fund (71). The amendment to extend Trillium CNG's contract shall not exceed \$75,000 from the Fast-Fill Fueling Station Enterprise Fund (71). There are sufficient funds in the Fast-Fill Fueling Station Enterprise Fund (71) for these actions.