

BOARD MEETING DATE: October 5, 2018

AGENDA NO. 4

**PROPOSAL:** Approve Assignment of and Execute Contract for CNG Station at SCAQMD

**SYNOPSIS:** In May 2015, the Board declared the existing CNG fueling station equipment at SCAQMD headquarters as surplus and authorized execution of a property usage agreement and contract with FirstCNG, LLC, (Titan Diamond Bar) to upgrade the fast-fill CNG fueling station at SCAQMD and operate and maintain the station for five years. Over the past three years, there has been a series of company name changes to the CNG station and now American CNG Energy proposes to assume ownership of the station under an assignment provision in the current contract. This action is to approve assignment to, and execute a contract with, American CNG Energy to upgrade the fast-fill CNG fueling station at SCAQMD headquarters and operate and maintain the station for five years.

**COMMITTEE:** Technology, September 21, 2018; Recommended for Approval

**RECOMMENDED ACTIONS:**

Authorize the Executive Officer to:

1. Approve assignment of the fast-fill CNG fueling station at SCAQMD to American CNG Energy, as allowed under the current contract with EVO CNG (which formerly subsumed Titan Diamond Bar); and
2. Execute a no-cost contract with American CNG Energy to upgrade, operate and maintain the fast-fill CNG fueling station for a five-year term.

Wayne Natri  
Executive Officer

## **Background**

In May 2015, the Board declared the existing CNG fueling station equipment at SCAQMD as surplus and authorized execution of a property usage agreement and contract with FirstCNG, LLC, (Titan Diamond Bar) to upgrade the fast-fill CNG fueling station at SCAQMD and operate and maintain the station for five years. Titan Diamond Bar was awarded the contract for the fast-fill station based on its no cost proposal submitted pursuant to RFP #P2015-18: Own, Operate and Maintain CNG Fueling Station Equipment at SCAQMD headquarters. Trillium CNG, who had constructed and then maintained the station from 2003-2015, transitioned operation and maintenance of the station (rather than decommissioning it) to Titan Diamond Bar, who assumed ownership of the equipment in February 2016. The surplused equipment now owned by Titan Diamond Bar was not upgraded/replaced as included in the contract because it was deemed infeasible based on cost versus return on investment. In August 2017, Titan Diamond Bar was subsumed by EVO CNG, and in January 2018, EVO CNG contracted with American CNG Energy to manage and maintain the station and to restore the station's performance and reliability, which had deteriorated over a 12-month period due to lack of timely maintenance. Over the past six months, American CNG Energy has demonstrated its ability to manage and maintain the fast-fill station and has significantly improved the station's performance and reliability. EVO CNG and American CNG Energy have reached agreement for American CNG Energy to assume ownership of the station under an assignment provision in the contract.

## **Proposal**

This action is to authorize the Executive Officer to approve EVO CNG's request to assign American CNG Energy as the new owner of the fast-fill CNG fueling station at SCAQMD and to execute a new five-year contract with American CNG Energy. Specific provisions will be included to ensure reliable and responsive monitoring of the CNG station, ensure proper and timely maintenance and servicing of the CNG station equipment, improve fueling and energy efficiencies through station upgrades, maintain a specific fuel charge for refueling SCAQMD vehicles, incorporate up to 100 percent renewable natural gas (RNG) into the station supply, and establish a new property usage agreement at SCAQMD.

American CNG Energy is a company based in Costa Mesa that owns and operates CNG stations in Florida and Georgia. The CNG station in Diamond Bar will be American CNG Energy's first California CNG fueling station. Since assuming operation and maintenance responsibilities of the CNG station at SCAQMD, American CNG Energy has demonstrated capable expertise in managing and maintaining the station, has been responsive and diligent in addressing repairs, has worked to minimize station downtimes, and has improved the overall performance and reliability of the equipment and operations that comprise the fast-fill CNG fueling station. American CNG Energy has incorporated a smart meter technology to monitor electricity usage that is intended to result in improved station energy efficiency and cost management. American CNG

Energy is proposing to introduce up to 100 percent RNG to the station supply and to improve vehicle refueling efficiency, particularly for larger, heavy-duty vehicles by incorporating a high flow nozzle that will reduce the refueling time for larger CNG-powered vehicles such as refuse trucks and school buses.

### **Benefits to SCAQMD**

This project will ensure that CNG vehicle refueling capabilities will continue to be provided at SCAQMD 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, the SCAQMD fleet has consumed an average of 4,000 GGE of CNG per month with the public consuming an equal or greater amount of CNG per month. The facility is publically accessible 24 hours per day and 7 days per week and can accommodate heavy-duty trucks and buses. This project will provide accessible, convenient and affordable CNG for CNG-powered vehicle operators working at or visiting SCAQMD. The introduction and employment of the electrical smart meter will help monitor and quantify specific electrical usage and commensurate cost recovery.

### **Resource Impacts**

While there is no cost-share required by the SCAQMD in the assignment of the fast-fill CNG station from EVO CNG to American CNG Energy, the electricity used to power the station continues to be supplied through the SCAQMD's electricity account with Southern California Edison (SCE). Since the CNG station is considered a separate business entity, SCE has determined that a separate billable meter and SCE account for the CNG station requires establishing a new electrical connection from the nearest SCE vault. Consequently, SCAQMD staff will require American CNG Energy to conduct a feasibility study and cost estimate from a qualified electrical engineer to introduce a separate electrical line and transformer onto SCAQMD property for the CNG station. Electricity costs to operate the station have been and will continue to be recovered through monthly reconciliation provisions stipulated in the contract (and in compliance with SCE Rule 18–Supply to Separate Premises and Use by Others) until such time that a separate meter may be installed. Electricity costs will continue to be borne by the owner/operator, which is proposed to be American CNG Energy, and not the SCAQMD.