

Meeting Date: 9/10/2013

Report Type: Review

Report ID: 2013-00618

Title: (Agreement/Contract for Review and Information) Purchase/Cooperative Agreement: Liquefied Natural Gas for Fleet Equipment

Location: Citywide

Issue: Resolution No. 2013-0367 (Council Rules of Procedure) requires additional posting time for labor agreements and agreements greater than \$1,000,000. The Department of General Services (DGS), Fleet Management Division, has an ongoing need to purchase liquefied natural gas (LNG) for the Recycling and Solid Waste Division.

Recommendation: Review report 1) approving the use of the County of Sacramento cooperative purchase agreement with Clean Energy (Contract No. WA00030627) to purchase liquefied Natural Gas (LNG) in an amount not to exceed \$3 million through July 31, 2016, or until the contract is no longer available for use through extension or early termination; 2) authorizing the City Manager or the City Manager's designee to execute the purchases specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year; and 3) continuing to September 17, 2013, for adoption.

Contact: Keith Leech, Fleet Manager, (916) 808-5869, Department of General Services

Presenter: None

Department: General Services

Division: Fleet Management Admin

Dept ID: 13001311

Attachments:

1-Description/Analysis

2-Agreement

City Attorney Review

Approved as to Form
Kourtney Burdick
8/27/2013 3:50:36 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
John Colville
8/16/2013 12:22:56 PM

Approvals/Acknowledgements

Department Director or Designee: Reina Schwartz - 8/26/2013 1:00:28 PM

Description/Analysis

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Chapter 3.56 and Administrative Policy 4001 regarding the purchase of supplies and the use of cooperative purchase agreements and with Resolution No. 2013-0367, which requires additional posting time for labor agreements and agreements greater than \$1,000,000.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): No environmental review is necessary because the recommendations in this report involve the purchase of supplies and are not considered to be a project in accordance with Section 15378(b)(2) of the CEQA Guidelines.

Sustainability: The recommended purchases are consistent with the Fleet Sustainability Policy adopted by City Council on February 16, 2010 (Resolution No. 2010-083). The County's cooperative purchase agreement with Clean Energy includes the option to purchase renewable natural gas (RNG) as it is available. RNG is a type of LNG that is generated from solid waste material. The most common example of this is methane gas that is generated from landfills. RNG is considered to be more environmentally friendly than LNG generated from fossil (nonrenewable) sources, and even more environmentally friendly than wind and solar power because it captures harmful greenhouse gas (GHG) emissions and uses them as a fuel source. During FY 2012-13 the City generated 11 percent less GHG emissions using LNG instead of diesel fuel, and could have generated approximately 84 percent less GHG emissions using a similar quantity of RNG. Fleet Management staff will research opportunities to purchase RNG from local sources as they become available.

Commission/Committee Action: None

Rationale for Recommendation: The DGS, Fleet Management Division, has an ongoing need to purchase LNG fuel for the Recycling and Solid Waste Division.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement approach increases pricing competitiveness and lowers operating 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. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase items and services through a cooperative purchasing program.

The City has used both regional and national cooperative purchase agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments and the Procurement Services Division 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.

In July 2013, the County of Sacramento issued Request for Proposal (RFP) No. 8050 for the purchase of LNG fuels, which also named the City as a participant and stated the City's fuel requirements and fueling locations, in an attempt to capture greater savings for both the City and County. Clean Energy was awarded Contract No. WA00030627 through RFP No. 8050.

Financial Considerations: Purchases will be made from the DGS, Fleet Management Division operating budget (Fleet Fund, Fund 6501) and charged to the DGS Recycling and Solid Waste Division operating budget (Solid Waste Fund, Fund 6007). Sufficient funding exists in the FY 2013-14 operating budgets of these divisions for purchases made through June 30, 2014. Purchases made after June 30, 2014, are subject to funding availability in the adopted budget for the applicable fiscal year.

Estimated annual expenditure amounts (provided in the following table) are based on a review of historical expenditures and a consideration of future needs. These amounts allow for price increases and possible growth of the City's fleet equipment.

Estimated Expenditures - LNG Fuel				
Vendor	Year 1	Year 2	Year 3	Total
Clean Energy	\$900,000	\$1,000,000	\$1,100,000	\$3,000,000

Emerging Small Business Development (ESBD): Cooperative Purchasing Agreements are created, evaluated, and awarded by other government agencies that may or may not have similar emerging and small business programs. However, DGS will consider other alternatives if it is determined that using cooperative contracts may have a negative impact on small businesses. Clean Energy is not certified with the City as an emerging/small business.

The LNG fuel trailer transport vehicle shall be weighed at an adjacent certified scale prior to unloading for gross weight and re-weighed at the same scale for tare and residual fuel weight after unloading fuel. The differential will be the billing weight and no charge will be assessed to the vendor for use of the scales.

FUEL SPECIFICATIONS

The fuel requirements shall satisfy Cummings West minimum methane number of 75.

Contract Term: The Contract(s) term will be for one year. In order to promote efficiency and economy, the County reserves the right to extend awarded contract(s) two additional twelve-month periods. Such extension(s) will be at the county's option, subject to the terms and conditions of this RFB and agreement between the vendor and the county.

Prices bid shall apply to the first contract year. Pricing shall be SoCalGas Company Index/12.1+\$0.774. Margin may be increased by the percentage increase in the Producer Price Index All Urban Consumers, US Cities average (series ID CUUR000SA0) for years 2 and 3. Base month shall be June 2013 (233.504).

Estimated Quantities: The quantity listed is an estimated requirement. The County does not guarantee to purchase a minimum quantity or does not guarantee to purchase vendor's remaining stock.

Termination: Contract may be terminated in part or in whole by the County upon thirty days advance notice in writing.

Unrestricted Quantities: The County is not limited to purchase all of its requirements from any contract resulting from this RFP/award.

Non-assignment: Contractor shall neither assign nor subcontract any of the services required under an awarded contract without prior written consent of the County.

Integration Clause: This contract constitutes the entire contract between the County and the contractor regarding the subject matter of the contract. Any prior agreements, whether oral or written, between the County and the contractor regarding the subject matter of this contract are hereby terminated effective immediately upon full execution of this contract. No modification or amendment to this contract shall be valid unless it is set forth in writing and is signed by the parties hereto.

HAZARDOUS SUBSTANCES

CAL-OSHA Requirements

All flammable, corrosive, toxic, or reactive materials must have a complete CAL-OSHA Material Safety Data Sheet accompanying the submitted bid.

Indemnification: Contractor shall indemnify, defend, and hold harmless COUNTY, its Board of Supervisors, officers, directors, agents, employees and volunteers from and against any and all claims, demands, actions, losses, liabilities, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the performance of this Agreement, regardless of whether caused in part by a party indemnified hereunder.

Insurance Requirements For Contractors

Without limiting Contractor's indemnification, Contractor shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Contractor, his agents, representatives or employees. County shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the County's Risk Management Office the insurance provisions in these requirements do not provide adequate protection for County and for members of the public, County may require Contractor to obtain insurance sufficient in coverage, form and amount to provide adequate protection. County's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

Verification of Coverage

Contractor shall furnish the County with certificates evidencing coverage required below. Copies of required endorsements must be attached to provided certificates. The County Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately protected. All certificates or evidences of self-insurance are to be received and approved by the County before performance commences. The County reserves the right to require that Contractor provide complete, certified copies of any policy of insurance offered in compliance with these specifications. As an alternative to insurance certificates, the Contractor's insurer may voluntarily provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by these specifications.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. GENERAL LIABILITY: Insurance Services Office's Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, and Personal & Advertising Injury, without exclusions or limitations unless approved by County Risk Management Office. .

2.AUTOMOBILE LIABILITY: Insurance Services Office's Commercial Automobile Liability coverage form CA 0001, auto coverage symbol "1" (any auto). If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply.

3.WORKERS' COMPENSATION: Statutory requirements of the State of California and Employer's Liability Insurance.

4.PROFESSIONAL LIABILITY or Errors and Omissions Liability insurance appropriate to the Contractor's profession.

5.UMBRELLA or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverages that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Automobile Liability, Employers' Liability, and any other liability coverage designated under the Minimum Scope of Insurance.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

1.General Liability shall be on an Occurrence basis (as opposed to Claims Made basis). Minimum limits and structure shall be:

General Aggregate: \$5,000,000
Products Comp/Op Aggregate: \$5,000,000
Personal & Adv. Injury: \$5,000,000
Each Occurrence: \$5,000,000
Fire Damage: \$ 100,000

Building Trades Contractors and Contractors engaged in other projects of construction shall have their general liability Aggregate Limit of Insurance endorsed to apply separately to each job site or project, as provided for by Insurance Services Office form CG-2503 Amendment-Aggregate Limits of Insurance (Per Project).

2.Automobile Liability: \$5,000,000 Combined Single Limit per accident for bodily injury and property damage.

3.Workers' Compensation: Statutory.

4.Employer's Liability: \$1,000,000 per accident for bodily injury or disease.

5.Professional Liability or Errors and Omissions Liability: \$1,000,000 per occurrence.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the County. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the County, its officers, officials, employees

and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Claims Made Professional Liability Insurance

If professional liability coverage is written on a Claims Made form:

- 1.The "Retro Date" must be shown, and must be on or before the date of the Agreement or the beginning of Agreement performance by Contractor.
- 2.Insurance must be maintained and evidence of insurance must be provided for at least one (1) year after completion of the Agreement.
- 3.If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "Retro Date" prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of one (1) year after completion of the Agreement.

Other Insurance Provisions

The insurance policies required in this Agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

- 1.ADDITIONAL INSURED STATUS: The County, its officers, directors, officials, employees, and volunteers are to be endorsed as additional insureds as respects: liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; or automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no endorsed limitations on the scope of protection afforded to the County, its officers, directors, officials, employees, or volunteers. Applicable to General Liability, use ISO form CG 2010 11-85 only, and Auto Liability Policies.
- 2.PRIMARY INSURANCE: For any claims related to this agreement, the Contractor's insurance coverage shall be endorsed to be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, directors, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it. Applicable to General Liability and Auto Liability policies.
- 3.FAILURE TO COMPLY: Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the County, its officers, directors, officials, employees, agents or volunteers. Applies to policies in which the County is named as an additional insured.
- 4.SEVERABILITY OF INTEREST: The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Applicable to General Liability and Auto Liability policies.

5.MAINTENANCE OF INSURANCE COVERAGE: The Contractor shall maintain all insurance coverages in place at all times and provide the County with evidence of each policy's renewal ten (10) days in advance of its anniversary date. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage, or reduced in limits, except after thirty (30) days' written notice for cancellation or sixty (60) days' written notice for non-renewal has been given to the County. For non-payment of premium 10 days' prior written notice of cancellation, certified mail, return receipt requested is required. Applicable to all policies.

6.WORKERS' COMPENSATION WAIVER OF SUBROGATION: The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by the Contractor.

7.PROPERTY WAIVER OF SUBROGATION: Course of construction policies shall contain the following provisions:

1. The County shall be named as loss payee.
- 2.The insurer shall waive all rights of subrogation against the County.

8.CIVIL CODE PROVISION: Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

9.ACCEPTABILITY OF INSURERS: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A-VII. The County Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately protected.

10. SUBCONTRACTORS: Contractor shall require all subcontractors to maintain adequate insurance. Subcontractors shall name CONTRACTOR as additional insured on their General Liability policies. CONTRACTOR shall maintain copies of certificates of insurance and additional insured endorsements as provided by CONTRACTOR's subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

Item	Tgt. qty.	Unit	Price	Unit of	Extended
Mat Num		Description	/ Unit	Measure	Value
00010	2,000,000	Dollar LNG Fuel	1.00	/ 1 \$	2,000,000.00