



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: AUGUST 15, 2023

FROM: GENERAL SERVICES DEPARTMENT WARD: 3

SUBJECT: AWARD BID NO. 7986 TO ABCO DEVELOPMENT CORPORATION OF LOS ANGELES, CALIFORNIA FOR THE PURCHASE OF TWO ADDITIONAL COMPRESSED NATURAL GAS STORAGE SPHERES FOR THE ACORN STREET COMPRESSED NATURAL GAS FUELING STATION IN THE AMOUNT OF \$149,174.55 – SUPPLEMENTAL APPROPRIATION

ISSUE:

Award Bid No. 7986 to ABCO Development Corporation of Los Angeles, California for the purchase of two additional compressed natural gas storage spheres for the Acorn Street compressed natural gas fueling station in the amount of \$149,174.55.

RECOMMENDATIONS:

That the City Council:

1. Award Bid No. 7986 to ABCO Development Corporation of Los Angeles, California for the purchase of two additional compressed natural gas storage spheres for the Acorn Street compressed natural gas fueling station located at 5961 Acorn Street in the amount of \$149,174.55;
2. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$99,174.55 in the Central Garage Fund, Fuel Island Improvements Project; and
3. Authorize the City Manager, or designee, to execute any documents necessary to effectuate the procurement described herein, as well as the ability to make minor non-substantive changes in alignment with all purchasing policies.

BACKGROUND:

On February 27, 2018, the City Council approved the acceptance of grant funds in the amount of \$383,610 from the Mobile Source Air Pollution Reduction Review Committee (MSRC) Local Government Partnership Program. Grant funds help offset the project costs for a variety of alternative fuel infrastructure improvements from the Central Garage Fund such as the expansion of the existing city owned alternative fuel islands.

DISCUSSION:

In March 2015, the City of Riverside opened the Acorn CNG Fueling Station located at 5961 Acorn Street. This station was initially built with four CNG storage spheres and in 2016 six additional spheres were installed. By comparison, the CNG station located at the City's Corporation Yard has a total of 12 CNG storage spheres and currently averages approximately 26,000 gallons of CNG per month. The Acorn CNG station has now been in service for eight years and throughout has significantly increased service, currently averaging approximately 12,000 gallons of CNG dispensed per month. This increased usage is accelerating wear and tear on the compressor equipment.

Most wear and tear on a CNG compressor occurs during start up, the frequency of which is dependent on demand and CNG storage on hand. With added CNG storage capacity, the compressor is tasked to start up less frequently, thus reducing wear and tear on the equipment. Also, potential demand charges for electrical services are lowered due to reduced loads placed on the utility during initial starts. Furthermore, CNG systems are designed to limit the number of start/stop cycles in any given one-hour period. When exceeded, "short cycling" faults occur with system shutdown in an effort to protect the equipment. Additional CNG storage eliminates the potential of these faults by increasing the runtime between cycles. Lastly, additional CNG storage provides increased emergency short-term fuel storage for City use in the event of a system outage at the City's alternate fueling location at the City Corporation Yard.

On January 13, 2023, the Purchasing Division, in conjunction with the General Services Department, solicited Bid No. 7986 for the purchase and delivery of two new CNG storage spheres. On February 8, 2023, the City received two bid responses. ABCO Development Corporation of Los Angeles, California was deemed the lowest responsive bidder in the amount of \$140,070.

The pricing of Bid No. 7986 expired on June 8, 2023, therefore on June 23, 2023 the Purchasing Department contacted ABCO Development Corporation to see if they would extend the offer. Unfortunately, due to inflation and the additional cost of labor, material, fabrication, and fuel delivery charges, the cost increased by 6.5% bringing the new total to \$149,174.55. The price increase is driven directly by the manufacturer passed on to the supplier. Staff was able to negotiate a lower price increase than originally requested from this vendor.

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution 23914.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 4 - Environmental Stewardship** and **Goal 4.6** – Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – This item builds community trust because it is part of the expansion of the alternative fueling station that has already been approved by City Council.
2. **Equity** – This item will benefit the entire community because it allows the city to provide

CNG fuel to the public.

3. **Fiscal Responsibility** – The General Services Fleet Management Division is proposing this purchase in accordance with Purchasing Resolution 23914, Formal Procurement process to ensure the best price, terms and conditions are negotiated.
4. **Innovation** – This purchase is partially funded by the MSRC. This grant was awarded to the City of Riverside for the expansion of the existing alternative fuel infrastructure.
5. **Sustainability & Resiliency** – This purchase will improve the longevity of the existing CNG fuel infrastructure and enhances the City’s preparedness for the future.

FISCAL IMPACT:

The total fiscal impact of the action is \$149,174.55. Upon Council approval a supplemental appropriation will be recorded in the amount of \$99,174.55 from available fund balance in the Central Garage Fund, Fuel Island Improvements Project account number 9903000-440301. The remaining cost for this purchase is budgeted and available in the Central Garage Fund, Fuel Island Improvement Project account number 9903000-440220. The total budget is outlined below:

Fund	Project	Account	Amount
Central Garage	Fuel Island Improvements - Grant	9903000-440220	\$50,000.00
	Fuel Island Improvements - City Funds	9903000-440301	\$99,174.55*
Total			\$149,174.55

**Supplemental Appropriation*

Prepared by: Carl Carey, General Services Director
 Certified as to availability of funds: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
 Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
 Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Bid Award Recommendation