



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

www.cityofsacramento.org

File #: 2016-01082

Consent Item 08

**Title: Cooperative Purchase Agreement: Renewable Liquefied Natural Gas
(Published for 10-Day Review 09/29/2016)**

Recommendation: Pass a Motion 1) approving the use of the County of Sacramento cooperative purchase agreement with Applied LNG Technologies USA LLC ("Applied") (Contract No. WA00034600) to purchase renewable liquefied natural gas ("RLNG") in an amount not to exceed \$3.6 million through August 3, 2019 or until the contract is no longer available for use; 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.

Location: Citywide

Contact: Iseña Garcia, Program Specialist, (916) 808-1163; Mark Stevens, Fleet Manager, (916) 808-5869, Department of Public Works

Presenter: None

Department: Public Works

Attachments:

1-Description/Analysis

2-Agreement

Description/Analysis

Issue Detail: The Department of Public Works (DPW), Fleet Management Division, has an ongoing requirement to purchase RLNG for the DPW, Recycling & Solid Waste (RSW) Division.

Policy Considerations: The recommendations in this report are in accordance with City Code Chapter 3.56 and the Sacramento City Council Rules of Procedure, Chapter 7, Section E.2.d, which requires additional posting time for labor agreements and agreements greater than \$1 million.

Economic Impacts: None

Environmental Considerations: No environmental review is necessary because the recommendations in this report involve the purchase of RLNG for City vehicles and is not considered to be a project in accordance with Section 15378(b)(2) of the California Environmental Quality Act 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 Applied is for the purchase of RLNG, which is a type of liquefied natural gas (LNG) that is generated from solid waste material. The most common example of this is methane gas that is generated from landfills. RLNG is considered to be more environmentally friendly than LNG generated from fossil (nonrenewable) sources because it captures harmful greenhouse gas (GHG) emissions and uses them as a fuel source.

Commission/Committee Action: None

Rationale for Recommendation: In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers capital 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 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 June 2016, the County of Sacramento issued Request for Bid (RFB) No. 8383 for the purchase of RLNG. The RFB named the City as a participant and stated the City's fuel requirements and fueling locations, in an attempt to capture greater savings through volume buying for both the City and the County. Applied was awarded Contract No. WA00034600 through RFB No. 8383.

Financial Considerations: Purchases under the recommended cooperative purchase agreement will be made from the DPW operating budget (Fleet Fund, Fund 6501) and charged to the DPW RSW operating budget (Solid Waste Fund, Fund 6007). Sufficient funds are available in the DPW FY2016/17 operating budget for purchases made through June 30, 2017. Purchases made after June 30, 2017, are subject to funding availability in the adopted budget for the applicable fiscal year.

Expenditures are estimated to be \$1.2 million per year through August 3, 2019. These estimates are based on a review of historical expenditures and a consideration of future needs and allow for price increases and possible growth of the City's fleet equipment.

Local Business Enterprise (LBE): Applied is not an LBE. The minimum LBE participation requirement is waived for the City's use of cooperative purchase agreements that have been competitively bid, evaluated, and awarded by other governmental agencies that may or may not have similar LBE programs.



County of Sacramento
Open Item Contract

Contract and Purchasing
Services Division
9660 Ecology Ln.
Sacramento, CA 95827
(916) 876-6360

**Open Item Contract WA00034600 /
08/04/2016**

Your Vendor number with us
622769

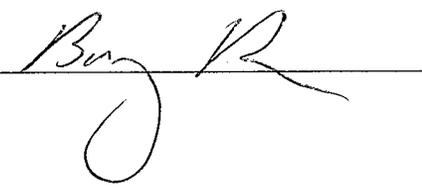
APPLIED LNG TECHNOLOGIES USA LLC
8101 W 34TH AVE
AMARILLO TX 79121-1069

Vendors Contact Person: Ed McKenna
Vendors Phone Number: 818 487-2520

This number must appear on all correspondence to the
Purchasing Division.

Contract number/date
WA00034600 / 08/04/2016

Issuing Officer/Telephone
Brun, Barry/916 876-6378

Signature: 

Contract Period

Valid from: 08/04/2016

Valid to: 08/03/2017

F.O.B. Dest., Freight Prepaid
Payment Terms: Due in 30 Days
Contractual maximum value: 1,750,000.00

You are hereby notified that the goods and/or services listed have been awarded to you subject to terms and conditions referenced and to the general conditions listed on the last page of contract.

Before supplying any goods or services to the County, the vendor must obtain a CSO (Contract Shipping Order) number from the ordering department. A CSO is an authorized release (Purchase Order) against the contract and shall be provided in written form. "Verbal" orders are not acceptable. For a CSO to be considered valid, it must be within the scope of this contract and be consistent with its pricing, terms and conditions. The CSO number must be referenced on all documents related to the order (packing slips, invoices, etc.). Failure to obtain a CSO and reference its number may result in the delay or non-payment of the invoice.

CONTRACT AWARD:

Ed McKenna
818.450.3652 VOICE
emckenna@appliedlng.com
Terms: Net 30 Days

This contract is for Renewable Nominated liquefied natural gas (RLNG) for Sacramento County Department of Waste Management and Recycling and the City of Sacramento per the provisions of Request for Bid RFB 8383.

DELIVERY REQUIREMENTS

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.

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.

PRICES: Prices on contract must be firm for the duration of the contract. Price changes due to an unforeseen industry crisis (raw material shortage, transportation strike, etc.) Must be received in writing 15 days prior to taking effect.

No energy surcharges will be allowed.

Pricing shall be (SoCalGas Company Index/12.104)+Tax rate)+ Transportation cost per gallon.. 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 2016.

Applied is Regulated Party.

Z Pricing/Gal.SoCal. Including transportation cost/ 9500+ per delivery.

Year 1	\$6904.59
Year 2	\$6904.59
Year 3	\$6904.59

Less than 9500+
Transportation Cost per Gallon=
Normal freight Charges (Z) divided by 9500 gallons.

48 Hour delivery will not alter pricing.

TERMINATION: COUNTY may terminate or amend this Agreement immediately upon giving written notice to CONTRACTOR, 1) if advised that funds are not available from external sources for this Agreement or any portion thereof, including if distribution of such funds to the County is suspended or delayed; 2) if funds in County's yearly proposed and/or final budget are not appropriated by COUNTY for this Agreement or any portion thereof; or 3) if funds that were previously appropriated for this Agreement are reduced, eliminated, and/or re-allocated by COUNTY as a result of mid-year budget reductions.

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	1,750,000	Each RENEWABLE LNG FUEL	1.00	/ 1 EA	1,750,000.00

PURCHASE ORDER/CONTRACT GENERAL CONDITIONS

1. **BID/QUOTE/PROPOSAL/GENERAL CONDITIONS:** All of the terms and conditions of the bid, quote, or proposal against which this purchase document is applied, are hereby incorporated.
2. **SALES TAX NOT INCLUDED:** Unless otherwise definitely specified, the unit prices do not include California sales and use tax or Sacramento County sales and use tax.
3. **CASH DISCOUNTS:** In connection with any cash discount specified on this quote, time will be computed from the date of complete delivery of the supplies or equipment as specified, or from date correct invoices are received in the County Auditor's Office if the latter date is later than the date of delivery. For the purpose of earning the discount, payment is deemed to be made on the date of mailing of the County warrant or check.
4. **AMERICANS WITH DISABILITIES ACT:** As a condition of accepting a purchase order from the County of Sacramento, the contractor certifies that their business entity is in compliance with the Americans With Disabilities Act of 1990, as amended. Failure to certify shall prohibit the award of a purchase order to the contractor.
5. **HOLD HARMLESS:** The contractor shall hold the County of Sacramento, its officers, agents, servants and employees harmless from liability of any nature or kind because of use of any copyrighted, or uncopyrighted composition, secret process, patented or unpatented invention, articles or appliances furnished or used under this order, and agrees to defend, at his own expense, any and all actions brought against the County of Sacramento or himself because of the unauthorized use of such articles.
6. **DEFAULT BY CONTRACTOR:** In case of default by contractor, the County of Sacramento may procure the articles or services from other sources and may deduct from any monies due, or that may thereafter become due to the contractor, the difference between the price named in the contract or purchase order and actual cost thereof to the County of Sacramento. Prices paid by the County shall be considered the prevailing market price at the time such purchase is made. Periods of performance may be extended if the facts as to the cause of delay justify such extension in the opinion of the Purchasing Agent.
7. **RIGHT TO AUDIT:** The County of Sacramento reserves the right to verify, by examination of contractor's records, all invoiced amounts when firm prices are not set forth in the purchase agreement.
8. **ASSIGNMENT:** (a) This award is not assignable by contractor either in whole or in part, without the prior written approval of the Purchasing Agent of the County of Sacramento. (b) In submitting a quote to a public purchasing body, the quoter offers and agrees that if the quote is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec.15) & the Cartwright Act (Chapter 2 [commencing with Section 16700] of part 2 of Division 7 of the Business and Professions Code), arising from the purchases of goods, materials, or services by the quoter for sale to the purchasing body pursuant to the quote. Such assignment shall be made and become effective at the time the purchasing body tenders final payment.
9. **APPLICABILITY TO HEIRS:** Time is of the essence of each and all the provisions of this agreement, and, subject to the limitations of Paragraph 8, the provisions of this agreement shall extend to and be binding upon and inure to the benefits of the heirs, executors, administrators, successors, and assigns of the respective parties hereto.
10. **F.E.T. EXEMPTION:** Sacramento County is exempted from payment of Federal Excise Tax. No Federal tax shall be included in price.
11. **CHARGES NOT INCLUDED ON FACE NOT ACCEPTABLE:** No charge will be accepted for packing, boxing, or cartage, except as specified in the Notice of Award. Freight collect shipments will not be accepted. Merchandise will not be accepted if payment is to be made at the time of delivery.
12. **TITLE:** Except as otherwise expressly provided herein, title to and risk of loss on all items shipped by seller to buyer shall pass to the buyer upon buyer's inspection and acceptance of such items at buyer's building.
13. **CHANGES WITHOUT NOTICE PROHIBITED:** No changes in price, quantity or merchandise will be recognized by the County of Sacramento without written notice of acceptance thereof prior to shipment.
14. **ALL UNDERSTANDINGS IN WRITING:** It is mutually understood and agreed that no alteration or variation of terms of this award shall be valid unless made in writing and signed by the parties hereto, and that no oral understandings or agreements not incorporated herein, and no alterations or variations of the terms hereof unless made in writing between the parties hereto shall be binding on any of the parties hereto.
15. **FORCE MAJEURE:** The contractor will not be held liable for failure or delay in the fulfillment of conditions of purchase order/contract if hindered or prevented by fire, strikes, or Acts of God.
16. **INVOICING:** Upon submission of itemized invoices, in duplicate, payment shall be made of the prices stipulated herein for supplies delivered and accepted or services rendered and accepted, less deductions, if any, as herein provided. Payment on partial deliveries may be made whenever amounts due so warrant or when requested by the vendor and approved by the Purchasing Agent.
17. **SPECIAL CONDITIONS:** Buyer's standard terms and conditions shall govern any contract awarded. If, after award of contract, contractor provides additional terms or conditions, they shall be considered void. To the extent not otherwise stated in the contract, the California Commercial code shall apply.
18. **INFORMATION TECHNOLOGY ASSURANCES:** Contractor shall take all reasonable precautions to ensure that any hardware, software, and/or embedded chip devices used by contractor in the performance of services under this agreement, other than those owned or provided by County, shall be free from viruses. Nothing in this provision shall be construed to limit any rights or remedies otherwise available to County under this agreement.
19. **CHILD, FAMILY, AND SPOUSAL SUPPORT:** Contractor hereby certifies that either: (a) The Contractor is a government or non-profit entity; or (b) the Contractor has no Principal Owners (25% or more); or (c) each Principal Owner (25% or more) does not have any existing child support orders; or (d) Contractor's Principal Owners are currently in substantial compliance with any court-ordered child, family and spousal support order, including orders to provide current residence address, employment information, and whether dependent health insurance coverage is available. If not in compliance, Principal Owner has become current or has arranged a payment schedule with the Department of Child Support Services or the court. New Contractor shall certify that each of the following statements is true:
(a) Contractor has fully complied with all applicable state and federal reporting requirements relating to employment reporting for its employees; and
(b) Contractor has fully complied with all lawfully served wage and earnings assignment orders and notices of assignment and will continue to maintain compliance.
NOTE: Failure to comply with state and federal reporting requirements regarding Contractor's employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment constitutes a default under any contract with the County. Failure to cure such default within 90 days of notice by the County shall be grounds for termination of contract.
20. **COMPLIANCE WITH ALL LAWS, LICENSES AND PERMITS:** In the performance of their duties, Contractor shall comply with all applicable federal, state, and county statutes, ordinances, regulations, directives, and laws and this contract shall be deemed to be executed within the State of California and construed with and governed by the laws of the State of California. Contractor shall possess and maintain necessary licenses, permits, certificates and credentials required by the laws of the United States, the State of California, County of Sacramento and all other credentials required by County. Failure to comply with all laws, licenses and permits shall be deemed a breach of this Agreement and constitutes grounds for the termination of this Contract.

RFB8383 Liquefied Natural Gas Specifications

Scope:

This Request for Proposal (RFB) is to establish a supplier for Renewable liquefied natural gas (RLNG) for Sacramento County and the City of Sacramento. The County of Sacramento shall be the lead agency for this solicitation.

Present average usage is 91,000 gallons per month for the County and 56,000 gallons per month for the City. The County is presently utilizing 8 LNG trucks.

Renewable Programs:

The County of Sacramento is aware of Federal EPA's Renewable Fuel Standard and the State's Low Carbon Fuel Standard programs. The Contractor shall apply all Federal State credits towards reducing the cost of the product to the County. The contractor shall supply documentation on a quarterly basis.

COUNTY DELIVERY REQUIREMENTS:

The County will require bulk quantities of RLNG fuel delivered to its North Area Transfer Station (NATS) located at 4450 Roseville Road, North Highlands California. The County has a tank capacity of 15,000 gallons and normally receives full truck loads.

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 bidder for use of the scales.

Contractor shall be liable for any damage or citations incurred as a result of any spills or releases. In addition, the City reserves the right to cancel the contract of any Contractor or carrier, who, notwithstanding compliance with the procedures set forth herein, delivers in a negligent or careless manner or who, under any circumstances, causes a spill or release while delivering.

Unless provided otherwise in this agreement, Contractor shall have title to and bear risk of any loss of or damage to the items purchased under this contract until they are delivered in conformity with this agreement.

Bidders shall identify the source(s) of the RLNG fuel to be delivered to Sacramento County.

Bidder shall provide immediately upon request by the County, documentation of all training and safety records for all employees associated with the work under this RFP.

Consequential Damages: Should the RLNG Contractor through its negligence cause the City or County to run out of fuel, the Contractor shall be responsible to pay all required refuse workers overtime to catch up on refuse collection operations.

The bid prices shall include all freight and delivery costs, including costs associated with loading and unloading, and be delivered F.O.B. to the County's and City's facilities. There shall be no fuel surcharges or any other hidden fees. Delivery of product shall be no later than the third business day after order.

Bidders may quote tiered delivery quantities. Should the Bidder desire to deliver partial loads in order to accommodate its own scheduling, the lowest cost tier shall apply.

Bidder shall be responsible to file all required documents for grants or incentives and pass along the credit to the City and County on every purchase of LNG Fuel. The credit shall be stated on all invoices, as a deduction from the contract price.

CITY of SACRAMENTO DELIVERY REQUIREMENTS:

1. The RLNG shall be delivered to the City's Meadowview Fleet Service Facility located at 2812 Meadowview Road, Sacramento, CA 95832.
2. Meadowview has four 6,000 gallon LNG tanks (5,000 gallons of usable RLNG per tank), for a total capacity of 24,000 gallons (20,000 gallons of usable RLNG).
3. The City requires an average of 55,800 gallons of RLNG per month.
4. Meadowview Shop Supervisor will provide daily tank levels to successful bidder via e-mail. The successful bidder shall fill tanks and deliver the RLNG on a schedule to ensure fuel levels do not fall below 10,000 gallons total between the four tanks.
5. Successful bidder will deliver RLNG during the available time period listed below. In order to minimize the interruption of City operations, the successful bidder will not deliver RLNG during the non-available time listed below.
 - a. Available Times for RLNG Delivery: Monday – Friday, 4:30 PM -10:30 AM
 - b. Non-Available Times for RLNG Delivery: Monday-Friday, 10:30 AM-4:30 PM
6. Upon Delivery, the fuel truck driver shall contact the Meadowview Shop Supervisor at (916) 808-4882 or (916) 808-4870.
7. Upon Departure, the fuel truck driver shall provide a delivery ticket to the Meadowview Shop Supervisor with the following information:
 - a. Date of Delivery
 - b. Start and End Time of Delivery
 - c. City Purchase Order Number
 - d. Total Amount of RLNG dispensed
 - e. Condition of Tanks to Include:
 - i. Before and After Pressure Readings
 - ii. Before and After Liquid Levels
 - iii. Status of Tanks After Delivery (i.e. tanks available for usage vs. tanks down and in saturate mode)

FUEL REQUIREMENTS:

Successful Bidder shall provide 100% Nominated Renewable Liquefied Natural Gas (RLNG). The RLNG shall be made from organic waste.

FUEL SPECIFICATIONS

The fuel shall satisfy the following requirements:

Renewable Liquefied Natural Gas (RLNG), bulk supply, as required by the contract period beginning with the date of the award of the contract and in accordance with the following product composition and testing methods established by the American Society for Testing Materials (ASTM).

- The product shall consist entirely of “nominated” Renewable Liquefied Natural Gas.
- Must meet the Cummins West Methane Specification. The County operates equipment that uses Cummins Westport engines. The fuel shall have a minimum methane **number** of 75.

The successful bidder shall, at its own expense, conduct regular quality and composition tests and analyses of the RLNG being delivered to the County. The successful bidder shall, at all times, keep on file the written laboratory reports containing the specifications of the successful bidder’s source RLNG from which the County’s supply is drawn. At any time, the County may inspect or request copies of these reports. Furthermore, the County shall have the right, at its sole costs, to independently test or analyze the RLNG delivered by the successful bidder.

Contractor shall have the delivery driver determine the exact tank level prior to unloading fuel into the tank. The individual tank gallon level readings shall be taken prior to and after unloading fuel and shall be recorded on the delivery receipts.

Contractor shall be liable for any damage or citations incurred as a result of any spills or releases. In addition, the City reserves the right to cancel the contract of any Contractor or carrier, who, notwithstanding compliance with the procedures set forth herein, delivers in a negligent or careless manner or who, under any circumstances, causes a spill or release while delivering.

Demurrage:

The County /City shall be entitled to “standing time” at no charge for the purposes of unloading for no more than two hours. If unloading extends beyond two hours due to delays caused by County operations, Contractor may assess demurrage charges. Demurrage charges shall be applied in increments of one-quarter (1/4) hour.

JOINT OFFERS:

Where two or more Bidders desire to submit a single bid in response to this RFB, they should do so on a prime-subcontractor basis rather than as a joint venture. Sacramento County intends to contract with a single firm and not with multiple firms doing business as a joint venture.

BASIS OF AWARD

The County intends to award a contract to the lowest bidder to meet the specifications specified in the RFB.

The County will also look at each supplier’s ability to provide the requested renewable product, capacity, equipment, and experience in the industry.

Multiple sources of supply for the contractor shall be a prime consideration for award.

The second place bidder will be considered the backup supplier. If backup is needed, pricing shall be no higher than 20% above the responsive low bid in this RFB.

Right to Reject

The County of Sacramento reserves the right, in its discretion, to reject any and all Bids and, to the extent not prohibited by law, to waive any minor irregularity or informality in any Bid that does not affect the validity of the Bid or does not give the bidder a competitive advantage over other bidders.

PRICING and RESPONSE SECTION

The Bidder is required to supply the following information: Additional sheets may be attached if necessary. **(Please upload this complete form as a separate stand-alone document to Public Purchase as your RFB response)**

1. Name of Bidder, Firm or Corporation: **Applied LNG**

2. Business Address: **31111 Agoura Road #208, Westlake Village, CA 91361**

3. Telephone: **(818) 450 - 3650**

4. Type of Firm-Individual, Partnership or Corporation: **Corporation**

5. Corporation organized under laws of State of: **Nevada**

6. **Business License No.: 946864** **Years of Experience: 21**

PRICING

Pricing Methodology

**** FOR INFORMATION PURPOSES ONLY ****

The price the County will pay the Vendor is based on the following formula. The result of the formula is the price per LNG gallon delivered. The bidder shall provide a price for variables Y and Z in the formula. No deviations to the formula below shall be accepted.

$$(((\text{So Cal Gas index}/12.104) + Y) \times \text{Tax Rate}) + \text{Transportation Cost per Gallon, where:}$$

So Cal Gas index = the average natural gas price per MMBtu for Southern California Gas Company for the month LNG is delivered to a County or City of Sacramento storage tank as published in Platt's Inside F.E.R.C. Gas Market Report by McGraw-Hill Companies, Inc. (800) 223-6180.

12.104 = the LNG gallons per MMBtu of natural gas.

Y = all vendors costs and profit for each gallon of LNG delivered.

Tax Rate = the total California State and local sales taxes per gallon. These charges may change, depending on the state and local requirements and are currently 8.50% in the Sacramento County

Transportation Cost per Gallon = freight charges (Z) divided by the actual LNG gallons delivered if delivery was equal to or greater than 9,500 gallons*.

* if delivery is 9,499 gallons or less: Transportation Cost per Gallon = normal freight charges (Z) divided by 9,500 gallons.

FIXED PRICE FOR FREIGHT CHARGES AND VENDOR COSTS AND PROFIT:

Charges for freight (Z) and Vendors costs and profit (Y) shall be fixed during the contract term.

County Price:

Y = \$0.245 Z = \$2,100

$$(((\text{So Cal Gas Index} / 12.104) + Y) \times \text{Tax Rate}) + \text{Transportation Cost Per Gallon}$$

$$(((\$2.85^* / 12.104) + \$0.245) \times 8.5\%) + \$0.21^{**}$$

*July 2016 So Cal Index

**\$2,100 (Z) / 10,000 gallons

City Price: (if different)

No Difference

How would a 48 hour delivery requirement affect pricing?

Will not affect pricing

FEDERAL EXCISE TAX CREDIT FOR ALTERNATIVE FUEL:

If at any time during the duration of this agreement, the federal excise tax credit for alternative fuel becomes available during or after the duration of this agreement and retroactive to a period of time during the duration of this agreement, the County and City of Sacramento, and not the Vendor, shall file with the IRS the reimbursement for their applicable Motor Fuel Excise Tax Credit based on their eligibility.
LOW CARBON FUEL STANDARD (LCFS) CREDIT:

The County reserves the right at any time during the term of this contract, per California Code of Regulations (CCR) 17, sections 95840-95490, to become the Regulated Party to take advantage of LCFS Credits. The County shall provide 30-days written notice to the Vendor when it intends to become the Regulated Party, at which time the Vendor, if it was the Regulated Party prior, will no longer be the Regulated Party or have any ownership of credits or claim on the sale of any credits going forward on the fuel received by the County. At such time as the County elects to become the Regulated Party, the Vendor shall provide, with each delivery of fuel to the County, a product transfer document that, at a minimum, prominently states:

- a. the name of the transferor (Vendor) and transferee (County); and
- b. the date of the transaction; and
- c. the type of fuel transferred; and
- d. the volume and average carbon intensity of the transferred fuel; and

- e. the recipient is now the regulated party for the acquired fuel and accordingly is responsible for meeting the requirements of the LCFS regulation with respect to the acquired fuel.

The County shall reserve the right, at its sole discretion, to subsequently revert Regulated Party status back to the Vendor. The County shall provide 30-days written notice to the Vendor of any such reversion. The Vendor may assume all rights and responsibilities of Regulated Party status upon the date of reversion as identified by the County and as such may be responsible for meeting the requirements of the LCFS regulation with respect to the delivered fuel from that date forward. The Vendor shall have no ownership stake in, nor any claim with regard to the sale of, any LCFS credits accumulated and held by the County during any period(s) that the County was, or is, the Regulated Party.

- State the per gallon Profit (Y) you will charge the County:

\$ 0.48 /gal for Year 1

\$ 0.49 /gal for Year 2

\$ 0.51 /gal for Year 3

\$ 0.53 /gal for Year 4

\$ 0.57 /gal for Year 5

ESTIMATED LNG USAGE:

Total LNG usage quoted herein is only an estimate based on the number of LNG trucks currently owned by the City and County of Sacramento. There is no guarantee that this total will be reached or exceeded. Vendor agrees to furnish LNG fuel at the quoted price in accordance with actual requirements throughout the contract period.

Questions:

To be considered responsive Contractor must provide answers to the following questions.*

Identify the source(s) of the renewable LNG fuel to be delivered to the County. For each source list the location of the plant, distance to NATS, plant capacity (gpd), current available capacity of the plant (gpd) and the nature and term of the agreement between the bidder and the plant.

PRIMARY SOURCES 1

Source Name: Plant Name: **Topock Liquefaction Facility 1**
Renewable Source: **McCarty Road LFG Recovery Facility – BP Energy**

Location: **5499 W. Needle Mountain Rd. Topock, AZ 86436**

Distance: **560 miles**

Capacity: **86,000 gpd**

Available Capacity: **30,000 gpd**

Nature and term of agreement: **Applied LNG owns and operates the plant**

PRIMARY SOURCES 2

Source Name: Plant Name: **Topock Liquefaction Facility 2**
Renewable Source: **McCarty Road LFG Recovery Facility – BP Energy**

Location: **5499 W. Needle Mountain Rd. Topock, AZ 86436**

Distance: **560 miles**

Capacity: **86,000 gpd**

Available Capacity: **30,000 gpd**

Nature and term of agreement: **Applied LNG owns and operates the plant**

SECONDARY SOURCE

Source Name: **Midlothian Liquefaction Facility**

Location: **5091 Brookhollow Dr. Midlothian, TX 76065**

Distance: **1,700 miles**

Capacity: **86,000 gpd**

Available Capacity: **50,000 gpd**

Nature and term of agreement: **Applied LNG owns and operates the plant**

Explain what documentation you will provide to substantiate that Renewable LNG you deliver fully qualifies as “renewable”.

All renewable gas supplied by Applied LNG has a biomass/biogenic content of 100% and all sources have been approved by both the EPA and CARB as qualified renewable natural gas sources for the Renewable Fuel Standard and the Low Carbon Fuel Standard.

Supporting documentation will include renewable fuel source and facility approval by CARB, facility ID numbers, fuel and physical pathway codes, and fuel carbon intensity determined by engineering studies and supported by CARB.

Does your company currently have an agreement with a source location(s) from which to procure or produce RENEWABLE LNG that will meet or exceed the County’s requirements, of approximately 800,000 gallons per year per year during the term of this contract?

Applied LNG owns and operates 2 LNG production facilities in Topock, AZ and 1 production facility located in Midlothian, TX. With a total annual capacity of 94,000,000 gallons, and a fleet of 48 LNG trailers, Applied LNG can easily meet the county’s requirement.

Applied LNG has renewable natural gas contracts with 3 separate biogas providers and 5 landfill sources with a maximum annual capacity of 25,000,000 gallons.

Do you have backup LNG fueling stations in the Sacramento area in case of emergency?

Please list.

Applied LNG has resources to provide temporary and mobile fueling solutions and equipment to cover any emergency situation, including a shutdown of both the County and City stations. Applied LNG has deployed temporary fueling solutions for other customer emergencies on numerous occasions and is confident it will meet Sacramento’s needs regardless of emergency scenario.



Renewable LNG Sources

The biogas is generated from renewable sources and documented with the EPA & CARB. Our biogas facilities are:

Biogas Provider:	BP Energy	Element Markets	GHI
Landfill:	McCarty Road LFG Recovery Facility	Fresh Kills Landfill	Fort Bend Landfill Recovery
Type:	Landfill	Landfill	Landfill
Location:	Houston, TX	Staten Island, NY	Needville, TX
Pathway name:	LNG027	LNG032	LNG012_1
CI:	27.45	31.84	40.91
Daily amount:	4,000 MMBtu	~ 1,2500 MMBtu	~ 500-1,000 MMBtu

The liquefaction plant is Applied LNG’s Needle Mountain LNG facility located near Topock Arizona. The plant produces 172,000 gallons per day. Needle Mountain is located 565 miles to Sacramento.

The minimum guaranteed biomass or biogenic content for the supplied RLNG is:

Facility	Biomass Content Minimum
McCarty Road LFG Recovery Facility (Primary Source)	100%
Fresh Kills Landfill	100%
Fort Bend Landfill Recovery	100%

Applied LNG has biogas contracts from primary and backup supply sources. The primary supply source is secured by a contract with BP Energy. The secondary supply sources are through Element Markets and GHI.



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
1001 I Street • P. O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

September 9, 2015

Primary Biogas Supply

Mr. Frank Martelli, VP
Applied natural Gas Fuels
31111 Agoura Road, Suite #208
Westlake Village, California 91361

Dear Mr. Martelli:

The California Air Resources Board (ARB) staff has reviewed the Low Carbon Fuel Standard (LCFS) Biofuel Producer Registration form and documentation for the demonstration of physical pathway for the following facility:

McCarty Road LFG Recovery
9416 Ley Road
Houston, TX 77078

Company ID: 6174 (LNG producer)
Facility ID: 71135 (biomethane producer)

We approve the physical pathway demonstration, in accordance with title 17, California Code of Regulations, section 95484(d)(2)(E) and Executive Order # P-10-003, for the following fuel produced at this facility:

Fuel:	Liquefied Natural Gas (LNG)
Fuel Pathway Code	LNG027
Physical Pathway Code:	PHY16
Physical Pathway Description:	By pipeline from North America to a liquefaction facility in North America – then by truck to dispensing station in California

As provided in title 17, California Code of Regulations, section 95484(d)(2)(D), if there is a "material change" to an approved physical pathway, you must notify ARB in writing within 30 business days after the material change has occurred. This approval is based on the information in the LCFS Biofuel Producer Registration form and the documentation for physical pathway demonstration that your company has submitted. Please note that it is the registrant's responsibility to provide accurate information as

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>

California Environmental Protection Agency

Mr. Frank Martelli, VP
September 9, 2015
Page 2

ARB does not assume any responsibility or liability for the accuracy of this information. We intend to post your facility's registration information on the LCFS website under the listing of facilities with complete LCFS registration at: <http://www.arb.ca.gov/fuels/lcfs/reportingtool/registeredfacilityinfo.htm>. This includes facility name, facility address, fuel carbon intensity value, fuel pathway description, physical pathway code, and physical pathway description identified on the registration form submitted by your company. Business confidential information, such as fuel production or contractual agreements, will not be posted on the LCFS website.

The information that will be posted for your facility is provided in the enclosure. If any of the facility information is incorrect, or if you have questions about this letter, please contact Mr. Reza Lorestany, Air Pollution Specialist, Fuels Section, at (916) 324-5402 or email Reza.Lorestany@arb.ca.gov.

Sincerely,



Sam Wade, Chief
Transportation Fuels Branch

Enclosure

cc: Mr. Reza Lorestany
Air Pollution Specialist
Fuels Section

Enclosure

Facility Information to be posted on the Low Carbon Fuel Standard Website:
<http://www.arb.ca.gov/fuels/lcfs/reportingtool/registeredfacilityinfo.htm>.

Facility Name:	McCarty Road LFG Recovery
Facility Address:	9416 Ley Road Houston, TX 77078
Company ID:	6174(LNG producer)
Facility ID:	71135 (biomethane producer)
Fuel:	Liquefied Natural Gas (LNG)
Physical Pathway Code:	PHY16
Physical Pathway Description:	By pipeline from North America to a liquefaction facility in North America – then by truck to dispensing station in California
Fuel Pathway Code:	LNG027
Fuel Pathway Description	2B Application*: Texas landfill gas to pipeline- quality biomethane; delivered via pipeline; liquefied to in Topock, AZ; transported by truck to CA
Carbon Intensity (gCO ₂ e/MJ):	27.45



Air Resources Board



Matthew Rodriguez
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

July 8, 2015

Mr. Frank Martelli, VP
Applied natural Gas Fuels
31111 Agoura Road, Suite #208
Westlake Village, California 91361

Dear Mr. Martelli:

The California Air Resources Board (ARB) staff has reviewed the Low Carbon Fuel Standard (LCFS) Biofuel Producer Registration form and documentation for the demonstration of physical pathway for the following facility:

Fort Bend Power Producers, LLC
14115 Davis Estate Road
Needville, TX 77461

Company ID: 6174
Facility ID: 71139

We approve the physical pathway demonstration, in accordance with title 17, California Code of Regulations, section 95484(d)(2)(E) and Executive Order # P-10-003, for the following fuel produced at this facility:

Fuel:	Liquefied Natural Gas (LNG)
Fuel Pathway Code	LNG012_1
Physical Pathway Code:	PHY16
Physical Pathway Description:	By pipeline from North America to a liquefaction facility in North America – then by truck to dispensing station in California

As provided in title 17, California Code of Regulations, section 95484(d)(2)(D), if there is a "material change" to an approved physical pathway, you must notify ARB in writing within 30 business days after the material change has occurred. This approval is based on the information in the LCFS Biofuel Producer Registration form and the documentation for physical pathway demonstration that your company has submitted. Please note that it is the registrant's responsibility to provide accurate information as

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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Mr. Frank Martelli, VP
July 8, 2015
Page 2

ARB does not assume any responsibility or liability for the accuracy of this information. We intend to post your facility's registration information on the LCFS website under the listing of facilities with complete LCFS registration at: <http://www.arb.ca.gov/fuels/lcfs/reportingtool/registeredfacilityinfo.htm>. This includes facility name, facility address, fuel carbon intensity value, fuel pathway description, physical pathway code, and physical pathway description identified on the registration form submitted by your company. Business confidential information, such as fuel production or contractual agreements, will not be posted on the LCFS website.

The information that will be posted for your facility is provided in the enclosure. If any of the facility information is incorrect, or if you have questions about this letter, please contact Mr. Reza Lorestany, Air Pollution Specialist, Fuels Section, at (916) 324-5402 or email Reza.Lorestany@arb.ca.gov.

Sincerely,



Sam Wade, Chief
Transportation Fuels Branch

Enclosure

cc: Mr. Reza Lorestany
Air Pollution Specialist
Fuels Section

Enclosure

Facility Information to be posted on the Low Carbon Fuel Standard Website:
<http://www.arb.ca.gov/fuels/lcfs/reportingtool/registeredfacilityinfo.htm>.

Facility Name:	Fort Bend Power Producers, LLC
Facility Address:	14115 Davis Estate Road Needville, TX 77461
Company ID:	6174
Facility ID:	71139
Fuel:	Liquefied Natural Gas (LNG)
Physical Pathway Code:	PHY16
Physical Pathway Description:	By pipeline from North America to a liquefaction facility in North America – then by truck to dispensing station in California
Fuel Pathway Code:	LNG012_1
Fuel Pathway Description:	2B Application*: North American landfill gas to pipeline-quality biomethane; delivered via pipeline; liquefied in Topock, AZ; transported by truck to CA
Carbon Intensity (gCO ₂ e/MJ):	40.91

Welcome: Matt Morrissette for Applied Natural Gas Fuels, Inc.

Fresh Kills Landfill - Facility Details

Fuel Producer Company: Applied Natural Gas Fuels, Inc.
Company ID: 6174

Facility: Fresh Kills Landfill
Facility ID: 71203

FPC	Description	CI (g/MJ)	Fuel Name	Status	Modified By	Created On	Details	Delete
LNG032	28 Application (Specific Conditions Apply): New York landfill gas to pipeline-quality biomethane delivered via pipeline, liquefied to LNG in Arizona, transported by trucks to California	31.84	Liquefied Natural Gas	Approved	AFRS Admin 1	12/29/2015	View	

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