

Staff Summary Report



Council Meeting Date: 06/11/2009

Agenda Item Number: _____

SUBJECT: Request approval to purchase liquefied natural gas (LNG) for transit services for fiscal years 2009/2010 through 2011/2012 through the existing intergovernmental cooperative purchasing agreement with the City of Phoenix and the Regional Public Transportation Authority (RPTA).

DOCUMENT NAME: 20090611fslg01 **PURCHASES (1004-01)**

COMMENTS: (Contract #09-166) Total amount not to exceed \$10,209,500.

PREPARED BY: Lisa Goodman, CPPB, Procurement Officer

REVIEWED BY: Michael Greene, CPM, Central Services Administrator, 480-350-8516
Glenn Kephart, Public Works Manager, 480-350-8205

LEGAL REVIEW BY: David Park, Assistant City Attorney, 480-350-8907

DEPARTMENT REVIEW BY: Jerry Hart, CPA, Financial Services Manager, 480-350-8505

FISCAL NOTE: Sufficient funds have been appropriated in 3914-6341.

RECOMMENDATION: Approve the purchase of LNG for transit buses for fiscal years 2009/2010 through 2011/2012 through the existing intergovernmental purchasing agreement with the City of Phoenix and RPTA using the above mentioned contract.

ADDITIONAL INFO: Background Information

Since 2003, the City of Tempe has partnered with the City of Phoenix as the procuring party for the supply of LNG for transit buses. With Phoenix purchasing 70 percent of anticipated LNG volume (up to 12 million gallons per year), the price benefit for Tempe associated with the cooperative purchasing agreement is significant. Tempe anticipates consuming an average 3.5 million gallons per year.

The City of Phoenix issued a competitive invitation for bid (IFB) and awarded a three-year contract for the purchase of LNG to Clean Energy Fuels. The IFB contains cooperative language listing the City of Tempe as a participant in the contract. As required by the IFB, Clean Energy Fuels provided annual fixed prices per gallon beginning with \$0.869 per gallon in FY 2009-2010. This is a 46 percent reduction from the present contract. The reduction is due to a drop in market prices for LNG. The price per gallon increases to \$0.999 in FY 2010-2011 and \$1.049 in FY 2011-2012. Tempe's estimated average annual expenditure for LNG fuel is \$3.4 million.