



City Council Agenda Report
September 17, 2024

TO: Honorable City Council

FROM: Jesus M. Gomez, City Manager

BY: James C. Parker, Executive Director of Regional Transportation
Theresa Clark, Transit Administration Officer
Janet Welde, Senior Management Analyst

SUBJECT: PURCHASE AND SALE AGREEMENT TO PROVIDE COMPRESSED NATURAL GAS FUEL

Background:

On August 17, 2021, City Council approved a Purchase and Sale Agreement with Norwalk-La Mirada Unified School District (NLMUSD) to utilize Norwalk Transit System's Compressed Natural Gas (CNG) station to fuel the NLMUSD buses. That agreement is set to expire on September 18, 2024.

NLMUSD is not currently equipped with the infrastructure necessary to accommodate fueling their CNG fleet. Therefore, the NLMUSD is seeking to enter into a new agreement with the City for a period of three years, from September 19, 2024 – June 30, 2027, plus two one-year options to continue utilizing Norwalk Transit System's CNG station to fuel buses.

The commodity market cost per gasoline gallon equivalent (GGE) for CNG, ranges from \$1.15 to \$7.50 which includes commodity cost and electricity. The agreement includes applicable administrative fees (i.e. CNG Station Maintenance fee, Facility access fee, Transit Administrative fee, and City Administrative fee) equates to \$21.75 per transaction each time a bus is fueled in additional to the GGE cost.

Fiscal Impact:

Transportation staff anticipates revenue from NLMUSD to fuel buses will result in approximately \$10,000 per year, which is included in the adopted Fiscal Year 2024/25 Transportation Budget. Revenue received from the CNG fuel sale will be credited to the Transportation fund.

Citizens Advised:

N/A

Strategic Plan 2023 Implementation:

N/A

Recommended Action:

Staff recommends City Council approve a Purchase and Sale Agreement with Norwalk-La Mirada Unified School District to fuel buses at the City's Compressed Natural Gas station for a period of three years, from September 19, 2024 – September 18, 2027 with the option to extend the agreement for two one-year periods; and authorize the City Manager to execute the agreement and any amendments provided there is funding in the budget, on behalf of the City, in a form approved by the City Attorney.

Attachments:

N/A