



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8d

ACTION ITEM

Date of Meeting June 8, 2021

DATE: May 6, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Daniel Alter, AVM Fleet Manager, Louis Ekler, AVM Fleet Assistant Manager, Adrian Down, Environmental Program Manager

SUBJECT: CNG Station Maintenance

Amount of this request: \$1,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an agreement between Port of Seattle and a vendor to provide Compressed Natural Gas (CNG) station maintenance, repair, and fuel system compressor rebuilds. The Port of Seattle CNG station is located at 2635 S 194th St SeaTac and is utilized to refuel the rental car and employee parking Port bus fleets. The contract amount shall not exceed \$1,500,000 and seven years.

EXECUTIVE SUMMARY

The Aviation Division and Environmental Department are partnered in reducing greenhouse gas emissions from the Port's vehicle fleet. The Port signed a contract for the purchase of renewable natural gas (RNG) with USGain in October 2020, which includes providing RNG to cover the Port's operational needs as well as SEA's CNG bus fleet. As part of these negotiations, the Port entered into an agreement with Clean Energy to provide CNG fuel and fueling infrastructure for the Port's CNG bus fleet. The Port CNG station dispensed 301,410 Diesel Gallon Equivalent (DGE) of CNG in 2020 to power the Port's fleet of CNG buses for both Rental Car and Employee parking operations. The current maintenance and repair contract will expire in January 2022. Maintenance and repair on the station is critical because there are limited regional CNG stations and these stations cannot sustain busing operations on a continuous basis.

JUSTIFICATION

The Port operates a CNG station to provide fuel for Port bus fleets. This station is located at the Transportation Operation Center (TOC) to increase operational efficiency. The CNG station has maintenance and repair completed by an outside vendor and the current contract is set to expire in January of 2022.

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Diversity in Contracting

We have contacted Diversity and Contracting office and are looking into the feasibility of goals with the limited number of firms regionally that complete this work.

DETAILS

The contract would provide routine maintenance, repair, and compressor rebuilds at the Port owned and operated CNG station for up to seven years. The estimated cost is approximately \$1,500,000.

This contract is important to ensure the Port’s system is safely maintained and continues to provide CNG needed to power the Port’s bus fleet. The maintenance contract includes detection and elimination of leaks that could contribute to carbon emissions.

Compressor rebuilds are currently estimated at \$225K currently and will not be required for three to four years depending on quantity of fuel used.

The Port anticipates higher labor rates that will increase the cost of the contract.

Schedule

Activity

Publish Solicitation	2021 Q3
Complete Solicitation Process	2021 Q3
Issue PO	2021 Q4
In-use date	2022 Q1

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Execute an agreement between Port and a vendor to provide maintenance and repair for the Port’s CNG station. This option does not include compressor rebuilds. Compressor rebuilds would be a separate acquisition.

Cost Implications: The requested seven-year contract would decrease by \$300,000 over seven years to \$1,200,000 due to removing the cost of compressor rebuilds.

Pros:

- (1) No gap in CNG station maintenance and repair, which is critical for rental car and employee parking busing operations.
- (2) Lower initial contracted amount.

Cons:

- (1) Increased cost for additional natural gas leaks detection.

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- (2) CNG compressor rebuilds would require a separate procurement through CPO.

This is not the recommended alternative.

Alternative 2 – Execute an agreement between Port and a vendor and an annual or semi basis to provide maintenance and repair for the Port’s CNG station.

Cost Implications: Increase in maintenance and repair of \$35,000/year from anticipated increase in labor and repair cost.

Pros:

- (1) No gap in CNG station maintenance and repair, which is critical for rental car and employee parking busing operations.
- (2) Annual cost increase would be better known.

Cons:

- (1) Labor time issuing contract would be increased.
- (2) No long-term certainty about cost for budget projections.
- (3) Short term contract could reduce ability to negotiate.
- (4) CNG compressor rebuilds would require a separate procurement through CPO.

This is not the recommended alternative.

Alternative 3 – Execute an agreement between Port and a vendor to provide maintenance, repair, compressor rebuilds, and increased leak detection for the Port’s (CNG) station.

Cost Implications: Increase in maintenance and repair of \$35,000/year from anticipated increase in labor and repair cost.

Pros:

- (1) No gap in CNG station maintenance and repair, which is critical for Rental car and Employee parking busing operations.
- (2) Long term predictability in the price of the contract.

Cons:

- (1) Long term contract could reduce flexibility.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost for maintenance and repair is projected to increase by \$35,000/year due higher cost from labor, repair, and monitoring. Compressor rebuilds are estimated at \$225,000 currently but will not be needed for three to four years. The cost of the contract and compressor rebuilds are budgeted annually through expense funds.

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Authorization Summary

Capital

Expense

Total

AUTHORIZATION			
Previous authorizations	\$0	\$0	\$0
Current request for authorization	\$0	\$1,500,000	\$1,500,000
Total authorizations, including this request	\$0	\$1,500,000	\$1,500,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

Funds for the maintenance and repair are come are expensed from the Customer Facility Charge (CFC) that collects funding through rental cars and employee parking fees.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None