



**Hallandale Beach**  
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400 South Federal Hwy  
Hallandale Beach, FL 33009

## City of Hallandale Beach City Commission Agenda Cover Memo

<b>Meeting Date:</b>	March 15, 2017		<b>Item Type:</b> <small>(Enter X in box)</small>	<b>Resolution</b> <div style="text-align: center;">X</div>	<b>Ordinance</b>	<b>Other</b>	
<b>Fiscal Impact:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Ordinance Reading:</b> <small>(Enter X in box)</small>		<b>1<sup>st</sup> Reading</b> NA		
	X		<b>Public Hearing:</b> <small>(Enter X in box)</small>		<b>2<sup>nd</sup> Reading</b> NA		
<b>Funding Source:</b>	410-3420-552130 (Sanitation, Solid Waste, Compressed Natural Gas)		<b>Advertising Requirement:</b> <small>(Enter X in box)</small>		<b>Yes</b>		
					<b>No</b> <div style="text-align: center;">X</div>		
<b>Account Balance:</b>	\$21,929		<b>Quasi Judicial:</b> <small>(Enter X in box)</small>		<b>Yes</b>		
					<b>No</b> <div style="text-align: center;">X</div>		
<b>Project Number :</b>	N/A		<b>RFP/RFQ/Bid Number:</b>		NA		
<b>Contract/P.O. Required:</b> <small>(Enter X in box)</small>	<b>Yes</b>	<b>No</b>	<b>Strategic Plan Priority Area:</b> <small>(Enter X in box)</small>				
	X		Safety <input type="checkbox"/>				
			Quality <input checked="" type="checkbox"/>				
			Vibrant Appeal <input type="checkbox"/>				
<b>Sponsor Name:</b>	Roger M. Carlton, City Manager		<b>Department:</b> Public Works		Steven F. Parkinson, P.E., PWLF, Director		

### Short Title:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXPEND AN AMOUNT NOT TO EXCEED ONE HUNDRED TWENTY ONE THOUSAND NINE HUNDRED TWENTY EIGHT (\$121,928.00) DOLLARS FOR THE PURCHASE OF COMPRESSED NATRUAL GAS (CNG) IN FISCAL YEAR 2017; AUTHORIZING THE CITY MANAGER TO NEGOTIATE A CONTRACT AND EXECUTE ALL RELATED DOCUMENTS TO EFFECTUATE THE PURCHASE AS NEEDED; AND PROVIDING AN EFFECTIVE DATE.

### Staff Summary:

## **Background:**

In 2013, the Sanitation Division put two compressed natural gasoline (CNG) side loader trucks into service. CNG is an alternative to traditional gasoline that is made by compressing natural gas to less than 1% of its volume. Compressed natural gas sanitation trucks are desirable because they can save money on fuel, and at the same time reduce pollutant and greenhouse gas emissions. This type of truck also runs more quietly than traditional sanitation trucks.

Currently, the Sanitation Division has 8 CNG trucks: 4 side loaders, which are utilized for residential pick up and 4 front loaders, which are utilized for commercial and multifamily accounts.

CNG trucks require special fueling stations in order to refuel, which can be very expensive. In order to avoid the upfront cost of installing a fueling station, staff decided to research the viability of purchasing fuel from an outside entity. Staff obtained quotes from the City of Hollywood, CNGas Holding LLC. in Miami Gardens, and Wise Gas in Pompano Beach. Based upon competitive pricing and convenient location, staff opted to purchase fuel from the City of Hollywood (Exhibit 2).

The City of Hollywood Fuel Station is conveniently located at 1600 South Park Road, Hollywood, Florida, 33021. This is less than one mile outside of the City of Hallandale's city limits. This close proximity minimized staff time spent fueling and also reduced the amount of fuel utilized to travel to and from fueling locations.

## **Current Situation**

The City of Hollywood closed its CNG station in July 2016 due to high repair costs. The station isn't expected to be operational in the future. Due to the fact that CNGas LLC's station in Miami Gardens is also no longer operational, staff has been utilizing the Wise Gas station in Pompano Beach as a backup fueling source since the closure of the Hollywood station.

The Wise Gas station is the only viable CNG fueling station for municipalities in South Florida. Private companies, such as Waste Management and Progressive own fueling stations, however do not allow outside entities to purchase fuel.

During FY 15-16 the City spent \$51,533.01 on CNG fuel citywide:

Hollywood: \$23,545.93

Wise Gas: \$27,987.08

Due to an increase in price at the Wise Gas and distance from Hallandale Beach (4 mile vs 39 mile round trip), staff expects to spend over \$50,000 this fiscal year on CNG fuel. Staff expects the expenditure on CNG fuel for the fiscal year to be \$121,928. This increase in expenditure from FY15-16 to FY16-17 is mostly due to the large increase in distance that the CNG trucks

must travel to refuel. Funds will be transferred from the following accounts to 3420-552131 (CNG fuel):

- \$25,000 from 3420 – 552140 (Diesel Fuel)
- \$10,000 from 3420 – 534010 (Outside Services)
- \$10,000 from 3496 – 552030 (Equipment Replacement)
- \$5,000 from 3410-548020 (Promotional Supplies)

Wise Gas does not require that the City execute a contract in order to purchase CNG from their station (1126 Hammondville Road, Pompano Beach) (Exhibit 3). However, Wise Gas will provide a discount of 5% if the City enters into a 1-year contract. With approval of this item, the City will enter into such an agreement saving an estimated \$4,000 for the remaining fiscal period. Assuming a CNG fuel cost of \$122,000 for FY17-18, the City can expect a cost saving of \$6,100 from executing a contract with Wise Gas that spans the entire fiscal year.

Staff will also be reviewing the potential of building our own fueling station during the next six months and selling the fuel to other jurisdictions or even to the public, as was recently done by the City of Panama City (Exhibit 4).

**Why Action is Necessary:**

Pursuant to Chapter 23, Section 23-8 Exception to Bid Requirements, (5) Unique circumstances, where the City Commission finds unique circumstances to establish that competitive bidding is not in the best interest of the City.

**Proposed Action:**

Staff recommends approval of the attached Resolution authorizing the City Manager Expend an amount not to exceed \$121,928 for the purchase of compressed natural gas (CNG) in Fiscal Year 16-17 and authorizing the City Manager to negotiate a contract and execute all related documents to effectuate the purchase as needed, and providing an effective date.

**Attachment(s):**

Exhibit 1 – Resolution  
Exhibit 2 – City of Hollywood Contract  
Exhibit 3 – Wise Gas Back-up No Contract Required  
Exhibit 4 – Panama City CNG Station

Prepared by:



Susan Fassler