



COUNCIL AGENDA ITEM MEMORANDUM

DEPT./DIVISION SUBMISSION & REVIEW:

Belinda Mattke, Director of Purchasing and Facility Services

ITEM DESCRIPTION: Consider adopting a resolution authorizing the City Manager or Director of Finance to act on behalf of the City to review pricing offers submitted for the supply of natural gas for the City's compressed natural gas fueling station, and if in the best interest of the City, enter into a contract with the vendor offering the best value for a period up to 10 years beginning April 1, 2025.

BACKGROUND: The City constructed and activated an unattended compressed natural gas (CNG) fueling station at 2325 E. Avenue H in 2013. The CNG fueling station provides for an alternative to diesel fueled vehicles for currently 24 solid waste trucks. The City's current 3-year contract with Cokinos for the purchase of natural gas that supplies the CNG station expires on March 31, 2025. Due to the highly volatile nature of the CNG market, pricing is only valid for a short time; therefore, Staff is requesting that Council pre-authorize the City Manager or Director of Finance to execute a natural gas purchase agreement with the vendor offering the best value to the City for a period up to 10 years beginning April 1, 2025.

Tradition Energy, the City's contracted energy consultant, will assist City staff by obtaining competitive pricing from reputable natural gas suppliers. Because compressed natural gas is necessary to operate the City's solid waste vehicles, its purchase is exempt from the competitive purchase requirements of the Texas Local Government Code. This exemption is supported by Attorney General Opinion No. JC-0281, which provides that purchases to maintain trash service is necessary to preserve and protect the public health and safety of our residents (LGC 252.022(a)(2)).

Staff anticipates purchasing approximately 12,000 MMBTUs of natural gas per year. Pricing offers received may have a fixed and variable rate structure. Tradition Energy will assist Staff in evaluating the offers to determine the best value for the City.

ALIGNMENT WITH ADOPTED PLANS:

Plan	Comments
Strategic Plan	This item supports the City of Temple's Strategic Plan goal of "An organization committed to performance excellence," and the Strategic Plan commitment of "Employ fiscally-responsible practices and policies that ensure City investments are made based on sound review and analysis."

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

BOARDS & COMMISSIONS RECOMMENDATION: This item was not reviewed by any of the official boards and commissions.

FISCAL IMPACT: The cost of natural gas for the CNG fueling station is considered part of the cost components that are factored into Solid Waste's FY 2025 fuel budget within account 110-2320-540-2115, account 110-2330-540-2115, account 110-2350-540-2115, account 110-2360-540-2115, account 110-2370-540-2115, and account 110-2380-540-2115.

The costs for the remaining term of the contract will be included in future fuel budgets for Solid Waste.

ATTACHMENTS:

Resolution