

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

314



FROM: Waste Management Department

SUBMITTAL DATE:
June 12, 2012

SUBJECT: Amendment No. 1 to the Agreement for the Construction, Operation, and Maintenance of the Upgraded Agua Mansa Liquefied Natural Gas (LNG) Fueling Facility

RECOMMENDED MOTION: That the Board:

1. Approve Amendment No. 1 to the Agreement for Operation and Maintenance of a Liquid Natural Gas (LNG) Fueling Facility; Delivery of LNG; Design, Construction, Operation and Maintenance of a Compressed Natural Gas (CNG) Fueling Facility; and
2. Authorize the Chairman of the Board to execute the Agreement on behalf of the Department

BACKGROUND: The County entered into the above Agreement with Clean Energy on July 14, 2009. The CNG facility was completed and opened to the public in early 2010. Clean Energy approached the Department last year about updating the existing Facility's equipment, and since the Agreement does not include specific procedures to be followed in managing such ongoing requests, the proposed Amendment No. 1 provides a process that both parties can follow throughout the life of the Agreement. (continued)


Hans W. Kernkamp, General Manager-Chief Engineer

| | | | |
|-------------------|-------------------------------|----|---|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ | In Current Year Budget: |
| | Current F.Y. Net County Cost: | \$ | Budget Adjustment: |
| | Annual Net County Cost: | \$ | For Fiscal Year: |
| SOURCE OF FUNDS: | | | Positions To Be Deleted Per A-30 <input type="checkbox"/> |
| | | | Requires 4/5 Vote <input type="checkbox"/> |

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Alex Gann

County Executive Office Signature

Consent ☐ Policy ☐
Consent ☐ Policy ☐

Dept't Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 12.5 (7/14/09)

District: 2/2

Agenda Number:

12.1

The Amendment also covers eventual ownership of specific improvements that have been made to the LNG side of the facility (upgrade of the existing dispenser, addition of a second dispenser and a dedicated LNG official pump skid and installation). Since the original document does not envision how to handle such upgrades to the LNG operation, it also does not contemplate ownership of upgraded equipment at the end of the term of the agreement. If the County does not have the ability to take ownership of the LNG improvements at the end of the term, it likely would not be able to service LNG vehicles at that time because the original LNG equipment would be outdated. The agreement term has been lengthened by three (3) years which will allow Clean Energy time to pay off the improvements. If the agreement terminates before the expected end date, there is a fifteen (15) year straight line depreciation schedule for the upgraded work that will indicate the cost to the County to acquire the upgrades.

The Amendment clarifies additional sections of the Agreement.

Staff recommends approval of the Amendment.

AMENDMENT NO. 1
TO
AGREEMENT FOR OPERATIONS AND MAINTENANCE OF A LIQUID NATURAL GAS (LNG) FUELING FACILITY; DELIVERY OF LNG; DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF A COMPRESSED NATURAL GAS (CNG) FUELING FACILITY
AGUA MANSA

July __, 2012

Riverside County ("COUNTY") and Clean Energy, a California corporation ("CONTRACTOR") hereby agree to amend that certain Operation and Maintenance of a Liquid Natural Gas ("LNG") Fueling Facility; Delivery of LNG; Design, Construction, Operation, and Maintenance of a Compressed Natural Gas ("CNG") Fueling Facility, by and between County and Contractor, dated as of July 14, 2009 ("Agreement") in accordance with the below terms. Capitalized terms used, but not defined herein, shall have the meaning ascribed to such term in the Agreement.

1. PERIOD OF PERFORMANCE:

Section 2.1 is hereby deleted in its entirety and replaced with the following:

"This Agreement shall be effective on the Effective Date and continue in effect through July 13, 2027, with the option to renew for five (5) consecutive years, by the mutual written consent of the COUNTY and CONTRACTOR, unless terminated as specified in Section 9 TERMINATION. CONTRACTOR shall commence performance of requested services and work upon full execution of this Agreement and shall diligently perform such services and perform the work."

2. LNG/CNG STATION:

Exhibit "A" Scope of Services and Work, Provision 2 Section (f) Maintenance of Premises will be deleted in its entirety and replaced as follows:

"CONTRACTOR shall maintain, or cause to be maintained, the Premises and the real property, including the Premises landscaping, in a clean, safe, and commercially reasonable condition suitable for CNG/LNG vehicle refueling use. CONTRACTOR is responsible for payment of all utility services for the Premises, including but not limited to electricity, natural gas, water and refuse collection; provided however, COUNTY shall reimburse CONTRACTOR for the first \$3,554 of electricity charges billed to CONTRACTOR during each year of the Term (which is the estimated cost of electricity required to power the pre-existing LNG facility). On December 31st of each year during the Term CONTRACTOR shall bill the County for such electricity charges and County shall pay such invoices in accordance with Section 3.2 of the Agreement."

3. ADDITIONAL IMPROVEMENTS TO THE LNG/CNG STATION:

An additional provision is added to Exhibit "A" Scope of Services and Work. This additional provision describes the procedure that the CONTRACTOR will take for future improvements not specifically called out in the Agreement. The additional Provision 8 is as follows:

8. Additional improvements to the LNG/CNG Station.

(a) If CONTRACTOR desires to develop the LNG/CNG Station further outside the initial services and work of this Agreement the CONTRACTOR will submit all proposed plans for improvements, alterations, or installation of fixtures to the Riverside County Waste Management Department ("RCWMD") on behalf of the COUNTY in writing to obtain its written consent to proceed. Requests for approval will be granted or denied by the COUNTY within twenty-one (21) days, and the COUNTY's consent will not be unreasonably denied

or delayed. Any denial shall be in writing and shall be accompanied by detailed reasons for the denial. CONTRACTOR and COUNTY agree that some upgrades/additions to the LNG/CNG Station may need approval from the Riverside County Board of Supervisors before plans are submitted to RCWMD for review.

(b) Once the work is approved by RCWMD on behalf of the COUNTY, the CONTRACTOR shall with reasonable diligence prosecute to completion all construction of the improvements. The CONTRACTOR shall have the responsibility for supplying all technical information and preparing all permits relevant to the additional improvement project(s) that are required by other COUNTY departments or appropriate agencies. The CONTRACTOR shall send copies of all obtained permits and certificates of any future improvements of the LNG/CNG Station to the COUNTY. CONTRACTOR shall notify the COUNTY, in advance and in writing at least two work days before performing work so that COUNTY may inspect the work.

(c) The CONTRACTOR will assume responsibility of all costs, permit acquiring, and liability arising from the CONTRACTOR's construction, use, operation or maintenance of the additional improvements to the LNG and CNG fueling facility.

(d) All work shall be performed in a good and workmanlike manner, in accordance with Exhibit "G" Conditions of Construction and shall comply with the improvement plans and specifications submitted to COUNTY and shall comply with all applicable governmental permits, laws, ordinances and regulations. On completion of the work, CONTRACTOR shall give COUNTY notice of all changes in plans and specifications made during the course of the work and shall, at the same time, supply COUNTY with "As built" drawings accurately reflecting all such changes.

(e) Any additional components installed because of further CONTRACTOR improvements to the premises shall be owned by the CONTRACTOR and will be subject to Provision 5 "Upgraded Station at the end/termination of the Agreement" of Exhibit "A" Scope of Services and Work, except as specified in provision 8(f) below.

(f) Upon expiration or termination of the Agreement, at COUNTY'S option, CONTRACTOR shall either (i) remove and take its Upgrades and leave the LNG Station in the same condition as it existed on the date of this Amendment No. 1, normal wear and tear to be expected or (ii) sell the Upgrades to the COUNTY for a price based on the fifteen (15) year straight line depreciation of the Upgrades as described in Provision 8(f)(1) below.

8(f)(1)

| Asset | 2012 Price | 2013 Price | 2014 Price | 2015 Price | 2016 Price | 2017 Price | 2018 Price | 2019 Price |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| W&M LNG Dispenser w/Runs and Piping | \$137,724.70 | \$128,543.12 | \$119,361.54 | \$110,179.96 | \$100,998.38 | \$91,816.80 | \$82,635.22 | \$73,453.64 |
| W&M LNG Dispenser w/Runs and Piping | \$137,724.70 | \$128,543.12 | \$119,361.54 | \$110,179.96 | \$100,998.38 | \$91,816.80 | \$82,635.22 | \$73,453.64 |
| Dedicated LNG Official Pump Skid and Installation | \$71,988.13 | \$67,188.99 | \$62,389.85 | \$57,590.70 | \$52,791.56 | \$47,992.42 | \$43,193.28 | \$38,394.14 |
| Total | \$347,437.53 | \$324,275.23 | \$301,112.93 | \$277,950.62 | \$254,788.32 | \$231,626.02 | \$208,463.72 | \$185,301.42 |

| Asset | 2020 Price | 2021 Price | 2022 Price | 2023 Price | 2024 Price | 2025 Price | 2026 Price | 2027 Price |
|---|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|---------------|
| W&M LNG Dispenser w/Runs and Piping | \$64,272.06 | \$55,090.48 | \$45,908.90 | \$36,727.32 | \$27,545.74 | \$18,364.16 | \$9,182.58 | \$1.00 |
| W&M LNG Dispenser w/Runs and Piping | \$64,272.06 | \$55,090.48 | \$45,908.90 | \$36,727.32 | \$27,545.74 | \$18,364.16 | \$9,182.58 | \$1.00 |
| Dedicated LNG Official Pump Skid and Installation | \$33,594.99 | \$28,795.85 | \$23,996.71 | \$19,197.57 | \$14,398.43 | \$9,599.28 | \$4,800.14 | \$1.00 |
| Total | \$162,139.11 | \$138,976.81 | \$115,814.51 | \$92,652.21 | \$69,489.91 | \$46,327.60 | \$23,165.30 | \$3.00 |

4. EQUIPMENT:

Exhibit “E” Inventory Supply and Equipment, Provision 3 Equipment will be deleted in its entirety and replaced as follows:

Equipment at the proposed facility will include, but is not limited to:

- **LNG Station Equipment**

- 2 LNG Dispensers (both dispensers will have one hose, each with JC Carter nozzles)*
- Dedicated LNG offload pump skid*
- 1 Card Reader
- 1 LNG Storage Tank
- Control Panel

*Upgrades dealt with in this Amendment No. 1 (See New Section 8(f) above)

- **CNG Station Equipment**

- LCNG Pump with a capacity of 15 gpm to operate in parallel with existing 4 gpm pump
- 2 Vaporizers
- X4 Compressor
- 2 CNG Dispensers
- Control Panel
- 1 Card Reader
- 1 Odorant Injection System
- A cascaded CNG storage with a total volume of 30,000 SCF

Training to fuel with CNG is possible either through CONTRACTOR’s website, CONTRACTOR’s DVD or in person by certified CONTRACTOR staff members.

Except to the extent specifically modified or amended hereby, all of the terms, covenants and conditions of the July 14, 2009 Agreement shall remain in full force and effect between the parties.

SIGNATURES:

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to Agreement to be duly executed this day and year first above written.

COUNTY:

Waste Management Department
14310 Frederick Street
Moreno Valley, CA 92553

Dated: 6/12/12

RECOMMENDED FOR APPROVAL

By: 
Hans Kernkamp, General Manager-Chief Engineer

COUNTY OF RIVERSIDE

By: _____
Chairman, Board of Supervisors

ATTEST:

By: _____
Clerk of the Board
(Seal)

COUNTY COUNSEL:
Signature: 

Print Name: Neal Kipnis


Title: Deputy County Counsel

Dated: 6/13/12

CONTRACTOR:

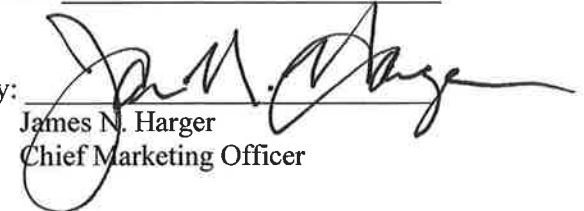
Clean Energy
3020 Old Ranch Parkway, Suite 400
Seal Beach, CA 90704

Dated: 6/26/12

By: 
James N. Harger
Chief Marketing Officer

Clean Energy Construction
3020 Old Ranch Parkway, Suite 400
Seal Beach, CA 90704

Dated: 6/26/12

By: 
James N. Harger
Chief Marketing Officer