

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/26/2023

Staff Report No. 20-212a

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Hydrogen Station Maintenance Services Contract

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to execute two one-year contract options with Messer of North America, LLC; one for hydrogen fuel supply and the other for maintenance services associated with the District-operated hydrogen fuel stations.

Staff Contact:
Salvador Llamas, Chief Operating Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Zero Emission Programs

The contracts will ensure the District is properly maintaining the fueling infrastructure in a state of good repair and provide a reliable supply of hydrogen that supports the Zero Emission Programs.

BUDGETARY/FISCAL IMPACT:

Funding for both contracts is included in the Operations budget. The maintenance contract price is not to exceed \$325,963 and the fuel supply contract budget proposal is based on projected service levels for FY 2023-24.

BACKGROUND/RATIONALE:

For 13 years, the District has operated hydrogen fueling stations at the East Oakland and Emeryville Divisions that have reliably supported operation of the zero-emission hydrogen fuel-cell electric bus fleet. Both stations operate storage and delivery equipment, which is supplied and monitored by Messer of North America, LLC.

The station design at both divisions incorporates Messer components and telemetric monitoring equipment that requires proprietary parts along with specialized service technicians to maintain and operate the equipment. Each station utilizes compression and delivery equipment which is owned by the District, and the existing cryogenic storage tanks that supply the liquid hydrogen and nitrogen are rented through Messer. The existing equipment allows for the fueling of up to 78 buses per day between both locations.

Any storage tank upgrade or change creates a period where the station will be out of service due to decommissioning of the old storage tank and installation of a new tank along with testing. Changing suppliers at this time will result in the interruption of hydrogen fueling operations at the Division. The interruption of hydrogen fueling will decrease the number of available buses for dispatch, therefore impacting service delivery to District riders. The District has an active project to upgrade the Division 4 hydrogen infrastructure which will result in 100% ownership of the station.

It is in the District's best interest to exercise the contract option with the current vendor given the active infrastructure upgrades, coupled with the fact that the District has experienced minimal downtime due to maintenance of the hydrogen infrastructure and zero downtime due to fuel supply issues. This has contributed to the success of the District's Zero Emissions Program; one that is considered a leader in the transit industry.

ADVANTAGES/DISADVANTAGES:

The advantage of awarding this contract is the seamless ability to continue receiving fuel to operate the hydrogen bus fleet, avoiding a disruption to service delivery, and provide proper maintenance and repair to the hydrogen stations.

Staff does not see a disadvantage with approving these contracts.

ALTERNATIVES ANALYSIS:

Staff considered an open procurement for an alternative vendor; however, the local and regional hydrogen market is very limited leading to the emerging market. Additionally, removal of the current tanks at this time (owned by Messer) and the disruption of fuel supply to the District would be too high of a risk. Further, a new supplier would also need the qualified repair staff and materials to properly maintain the assets.

Another alternative to the maintenance contract would be in-house maintenance of the hydrogen fuel stations; however, this is not recommended due to the liability and proprietary nature of this evolving technology.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 20-212 Contract Award for the supply of Hydrogen and maintenance services for the District operated hydrogen fuel station.

Staff Report 17-196a Contract award for upgrade of the hydrogen facilities at Division 2

Board Policy 465 - Procurement Policy

ATTACHMENTS:

None

Prepared by:

Chris Durant, Assistant Director of Maintenance

Approved/Reviewed by:

Cecil Blandon, Director of Maintenance
Joe Callaway, Director of Capital Projects
Fred Walls, Director of Procurement and Materials
Salvador Llamas, Chief Operating Officer
Jill A. Sprague, General Counsel/Chief Legal Officer
Chris Andrichak, Chief Financial Officer