

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 3/27/2024

**Staff Report No.** 20-212b

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**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 station.

Staff Contact:  
Salvador Llamas, Chief Operating Officer

**STRATEGIC IMPORTANCE:**

Goal - Financial Stability and Resiliency  
Initiative - Zero Emission Programs

Exercising the contract options will ensure the District is provided with a reliable supply of hydrogen that supports the Zero Emission Programs, and will the District properly maintains the fueling infrastructure in a state of good repair.

**BUDGETARY/FISCAL IMPACT:**

Funding for both contracts is included in the Operations budget. The fuel supply contract budget proposal is based on projected FY 2024-25 service levels, and the maintenance contract price is not to exceed \$325,963.

**BACKGROUND/RATIONALE:**

For 14 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 bus fleet.

Both stations operate storage and delivery equipment supplied and monitored by Messer of North America, LLC. The station designs at both divisions incorporate Messer components and telemetric monitoring equipment, requiring proprietary parts and specialized service technicians to maintain and operate the equipment. Each station utilizes compression and delivery equipment 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 fueling up to 78 buses per day between both locations.

Any storage tank upgrade or change would create a period when the station would be out of service due to the decommissioning of the old storage tank and the installation of a new tank, along with testing. Changing suppliers at this time would result in the interruption of hydrogen fueling operations at the Divisions. The interruption of hydrogen fueling would decrease the number of available buses for dispatch, impacting service delivery to District riders. The District has begun preparations for the project to upgrade the Division 4 hydrogen infrastructure, resulting in 100% station ownership once finished. The construction is expected to be completed in December 2024, with commissioning in January 2025.

It is in the District's best interest to exercise the final 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, which is considered a leader in the transit industry. Each of these single-year options was originally evaluated with the proposal and will extend the contract time and amount through June 2025.

**ADVANTAGES/DISADVANTAGES:**

The advantage of awarding these two one-year contract options is the seamless ability to continue receiving fuel to operate the hydrogen bus fleet, avoiding disruption to service delivery, and providing proper maintenance and repair to the hydrogen stations.

Staff does not see a disadvantage in approving these contracts.

**ALTERNATIVES ANALYSIS:**

Staff considered an open procurement for an alternative vendor; however, the local and regional hydrogen market is very limited. Additionally, removing the current tanks (owned by Messer) and disrupting the fuel supply to the District now would be too high of a risk. Further, a new supplier would also need qualified repair staff and materials to maintain the assets properly. Once the Division 4 infrastructure upgrades are complete, the District will have more contracting options.

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

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

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

Staff Report 20-212a 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 Report 22-461a Contract Award to Messer North America, Inc. to engineer, provide, and install hydrogen fueling equipment for the Oakland Division 4 Hydrogen Upgrade Project

Board Policy 465 - Procurement Policy

**ATTACHMENTS:**

None

**Prepared by:**

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**Approved/Reviewed by:**

Fred Walls, Director of Procurement and Materials

Cecil Blandon, Director of Maintenance

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