

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 5/14/2025

Staff Report No. 25-250

TO: AC Transit Board of Directors
FROM: Kathleen Kelly, Interim 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 a new single source contract with Messer North America, Inc. with a base period of three years with two (2) one-year options to provide maintenance services associated with the District-operated hydrogen fuel stations.

Staff Contact:
Salvador Llamas, Chief Operating Officer

STRATEGIC IMPORTANCE:

Goal - Environmental Improvement
Initiative - Zero Emission Programs

Executing the contract will ensure the District properly maintains the fueling infrastructure in a state of good repair.

BUDGETARY/FISCAL IMPACT:

Funding for this contract is included in the Operations budget.

The total not to exceed amount for the full five-year contract term (three-year base contract plus two, one-year options) is \$2,502,663.

The total contract amount for the initial three -year term has a not to exceed value of \$1,325,595. The initial first-year station maintenance contract is valued at \$361,636, which is included in the not to exceed amount.

Option year 4 is priced at \$501,514 and option year 5 at \$540,060.

The contract also includes the option to add a third station maintenance starting year 3 through 5 with a not to exceed value of \$135,494.

BACKGROUND/RATIONALE:

For 15 years, the District has operated hydrogen fueling stations at the East Oakland and Emeryville Divisions. Both stations were originally built by Linde who sold the intellectual property and business line to Messer North America (Messer). In 2019, following the completion of the Emeryville Station upgrade to liquid cryogenic high-pressure pumps, Messer began providing maintenance and repair services for both stations. These stations have maintained a reliability rate of over 98% and have reliably supported the operation of the zero emission hydrogen fuel cell bus fleet. This is very specialized technology with intellectual property specifications that requires a highly trained, skilled, and experienced workforce providing around-the-clock monitoring and response to events.

By the end of 2025, both stations will have transitioned to liquid cryogenic pumping and delivery systems owned by the District, including cryogenic storage tanks for liquid hydrogen and nitrogen. The refrigerated liquid hydrogen storage tank in Emeryville will be the only item still under lease, and it will be upgraded or purchased during the next station update in 2031. Once commissioning is completed at East Oakland, the District will have the capacity to fuel up to 195 buses between the East Oakland and Emeryville Divisions. The District will have greater flexibility when it owns all equipment.

This procurement is justified as a single source under Board Policy 465 due to an unusual and compelling urgency. Specifically, the D4 Oakland and D6 Hayward stations will become operational during the contract term, as outlined within the agreement. The District is leasing the tank at the D2 Emeryville station from Messer until the hydrogen station is upgraded and the purchase completed. Messer will not allow anyone else to service the tank while it is leased. Since the tank and compressors are all part of a very high-pressure system, due to safety concerns it is better to have a single vendor (Messer) providing maintenance and repairs.

Additionally, the public interest is best served by maintaining the current vendor to avoid a delay in the completion of the D4 Oakland station. There is an imminent operational risk if the contract with Messer is not secured. The District currently operates 30 fuel cell electric buses out of Emeryville that rely on the hydrogen infrastructure and will have nine (9) additional buses starting to arrive in September 2025. If the hydrogen station is not operational, we will miss significant service because our backup station in Oakland is under construction. To date, the District has experienced minimal downtime related to maintenance of the hydrogen infrastructure supported by Messer. This has contributed to the success of the District's Zero Emissions Program, which is considered a leader in the transit industry. The current contract expires on May 31, 2025. It is in the District's best interest to secure a new contract with Messer North America Inc.

ADVANTAGES/DISADVANTAGES:

The advantage of awarding this contract options is the seamless ability to continue 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. Vendor maturity is lacking in the field, with many organizations unsure of their future offerings. Compressed natural gas vendors lack the knowledge and experience. Further, a new supplier would

need qualified repair staff and materials to maintain the assets properly and would need to be certified by Messer to perform repairs. Staff has confirmed Messer will not authorize anyone outside of their staff to perform repairs. The District will have more contracting options once Division 4 infrastructure upgrades are complete.

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 20-212b 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

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