



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
www.cityofdenton.com

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Procurement

**DCM:** David Gaines

**DATE:** June 28, 2022

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the approval of a third amendment to a Professional Services Agreement between the City of Denton and Luminant Energy Company, LLC, amending the contract approved by the City Manager on April 13, 2018, in the not-to-exceed amount of \$50,000.00; amended by Amendments 1-2 approved by City Council and Purchasing; said third amendment to continue to provide Compressed Natural Gas (CNG) for all City of Denton Fleet vehicles; providing for the expenditure of funds therefor; and providing an effective date (File 6795 – providing for an additional third amendment expenditure amount not-to-exceed \$85,000.00, with the total contract amount not-to-exceed \$259,500.00).

### **INFORMATION/BACKGROUND**

The City of Denton Solid Waste and Recycling Department operates several vehicles that run off of Compressed Natural Gas (CNG). These vehicles are used to provide solid waste and recycling services to the City's residents and businesses. In April of 2018, the City of Denton commissioned its CNG fueling facility at the City of Denton Landfill resulting in the necessity to contract with a third party to supply natural gas to the station. Natural gas is supplied to the open market under one of two scenarios; using a fixed price scenario based on the spot market, the date the purchase agreement is signed, and a dynamic model basing the commodity price on the spot market at the time the CNG is pumped/delivered. Because of the City's relatively low volume CNG demands and the need to ensure fixed pricing, we elected to accept a fixed-price proposal to avoid the staff time required to monitor the commodity market and to apply budgeting predictability. Luminant Energy Company, LLC, is the only supplier that will contract with the City of Denton using the fixed cost model.

A request for City Manager Approval of purchase was approved on April 13, 2018, in a not to exceed amount of \$50,000. The City's current ordinance provides the City Manager the authority to contract with Luminant Energy Company, LLC, by \$75,000 for a total not-to-exceed amount of \$125,000 worth of Compressed Natural Gas (CNG) for fueling City of Denton Fleet Vehicles. On July 23, 2019, Council approved the contract for the purchase of Natural Gas for use in the Solid Waste Department's CNG Fuel Pumps (Ordinance 19-1652). On August 20, 2021, Purchasing approved adding additional funding for a total not-to-exceed amount of \$174,500.

In accordance with Texas Local Government Code 252.022, the procurement of items necessary to preserve or protect the public health or safety of the municipality's residents need not be submitted to competitive bids and thus Section has been construed to cover solid waste collection, hauling, and disposal. See

*Browning-Ferris, Inc. v. City of Leon Valley*, 590 S.W.2d 729 (Tex. App.-SAT 1979), *reh. denied*); Texas Atty. Gen. Op. No. JC-0821 (2000).

**PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

On April 13, 2018, City Manager approved a contract with Luminant Energy Company, LLC, in the not-to-exceed amount of \$50,000.

On July 23, 2019, City Council approved Amendment No. 1, with Luminant Energy Company, LLC, in the not-to-exceed amount of \$75,000 (Ordinance 19-1652).

On June 27, 2022, this item will be presented to the Public Utilities Board (PUB) for consideration.

**RECOMMENDATION**

Award Amendment No. 3 with Luminant Energy Company, LLC, to continue to provide Compressed Natural Gas (CNG) for all City of Denton Fleet vehicles, in a not-to-exceed amount of \$85,000, for a total amended contract amount of \$259,500.

**PRINCIPAL PLACE OF BUSINESS**

Luminant Energy Company, LLC  
Dallas, TX

**ESTIMATED SCHEDULE OF PROJECT**

Providing this authority will ensure the ability to acquire CNG for the City of Denton Solid Waste and Recycling Fleet for approximately 48 months.

**FISCAL INFORMATION**

These services will be funded from Solid Waste account 660800.7842. Requisitions will be entered on an as-needed basis. The budgeted amount for this item is \$259,500. The City will only pay for services rendered and is not obligated to pay the full contract amount unless needed.

**EXHIBITS**

- Exhibit 1: Agenda Information Sheet
- Exhibit 2: Original Contract
- Exhibit 3: Ordinance and Amendment 1
- Exhibit 4: Amendment 2
- Exhibit 5: LLC Members
- Exhibit 6: Ordinance

Respectfully submitted:  
Lori Hewell, 940-349-7100  
Purchasing Manager

For information concerning this acquisition, contact: James (J.J.) Tips, 940-349-8042.

Legal point of contact: Marcella Lunn at 940-349-8333.