



Staff Report

TO: City Council
FROM: Kari Mendoza, Administrative Services Director
DATE: April 15, 2025
SUBJECT: Memorandum of Understanding Between the City of Beaumont and the City of Banning for the Purchase of Compressed Natural Gas Fuel

Description A Memorandum of Understanding (MOU) with the City of Banning to allow the City of Beaumont to purchase Compressed Natural Gas (CNG) fuel for its transit vehicles from Banning's existing fueling facility.

Background and Analysis:

The City of Beaumont operates a transit fleet that requires consistent and cost-effective access to CNG. At present, Beaumont does not operate its own CNG fueling infrastructure and has relied on facilities in the cities of Redlands and San Bernardino. While these locations are functional, the distance involved results in increased staff hours, operational inefficiencies, and additional deadhead mileage (distance traveled without passengers).

The City of Banning owns and operates a CNG fueling station located at 176 E. Lincoln Street. This station currently supports Banning's municipal fleet as well as the Banning Unified School District. The facility has available capacity and is willing to extend access to Beaumont under a mutually beneficial agreement.

By entering into an MOU with the City of Banning, the City of Beaumont will gain access to a closer fueling location, thereby reducing travel time, lowering operational costs, and improving overall fleet efficiency. The proximity of Banning's station allows for more sustainable and economical operations for Beaumont Transit. Additionally, this agreement promotes regional collaboration between neighboring cities.

Fiscal Impact:

The City of Banning will issue monthly invoices to the City of Beaumont for CNG fuel usage, along with a fixed administrative fee of \$208 per month. The per-unit fuel cost will be determined based on the quarterly average of market rates from comparable

local agencies, including Perris, Redlands, Riverside, Corona, and RTA Hemet, as calculated by Banning. As of April 2025, the current average rate is \$2.39 per unit.

Because the pricing structure is tied to local market rates, it is anticipated that sufficient funds will be available in the Transit Department's operating budget to support both fuel costs and the administrative fee. Additionally, the administrative fee will be offset by cost savings derived from avoiding out-of-town fueling trips, which currently increases staff hours, travel time, and vehicle mileage.

The estimated cost to prepare this report is \$750.

Recommended Action:

Authorize the City Manager to execute the MOU between the City of Beaumont and the City of Banning, allowing Beaumont to purchase Compressed Natural Gas (CNG) from the City of Banning's fueling station.

Attachments:

- A. MOU Between the City of Beaumont and City of Banning - Vehicle Fuel Purchase