



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Art Vela, Director of Public Works

MEETING DATE: March 10, 2026

SUBJECT: Consideration of Resolution 2026-50, Authorizing the City Manager to Execute a Base Contract for Sale and Purchase of Natural Gas with Maas Energy Works, LLC

RECOMMENDATION:

Adopt Resolution 2026-50

BACKGROUND:

The City purchases natural gas to support its Compressed Natural Gas (CNG) fleet operations, including City vehicles and the Banning Unified School District fleet. The City operates a CNG fueling facility and is nearing completion of construction of a new CNG fueling station that will expand fueling capacity and offer CNG for sale to the public.

To support these operations, staff has negotiated a Base Contract for Sale and Purchase of Natural Gas with Maas Energy Works, LLC ("RNG Agreement"), a developer and supplier of California produced Renewable Natural Gas (RNG).

Renewable Natural Gas is pipeline-quality gas derived from organic waste sources such as agricultural digesters, wastewater treatment facilities, and landfills. RNG qualifies as a low-carbon transportation fuel under both federal and California programs and can generate environmental credits when properly registered and certified.

The proposed contract provides that the contract price per Million British Thermal Unit (MMBtu) will be based on the applicable Gas Index Price, consistent with standard industry practice. In addition, the contract allocates environmental credit value generated from the RNG as follows:

- 20.5% of Renewable Identification Numbers (RINs)
- 20.5% of Green Gas Low Carbon Fuel Standard (LCFS) credits

These revenue-sharing provisions provide the City the opportunity to receive environmental credit value in addition to the commodity value of the gas itself.

JUSTIFICATION:

The RNG Agreement provides the City with competitive revenue sharing provisions.

Revenues generated by CNG fuel sales and by the environmental credits associated with RNG Agreement will support the City's responsibility to cover its required 10% farebox recovery match associated with Transit operations. This structure strengthens the financial sustainability of the City's

Transit program without placing additional pressure on the General Fund.

FISCAL IMPACT:

These actions will generate increased revenues through CNG fuel sales and, coupled with the environmental credit value associated with renewable natural gas purchases, will greater support the City's responsibility to meet the required ten percent (10%) farebox recovery match associated with the Transit operations. In tandem, this will alleviate some of the costs incurred by the General Fund's Fleet Division.

ALTERNATIVES:

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. [Maas Energy-City of Banning.docx](#)
2. [City of Banning - CNG Dispenser Affidavit.docx](#)
3. [Resolution No. 2026-50.pdf](#)