

MEMORANDUM
COUNTY OF PLACER
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT SERVICES DIVISION

TO: Honorable Board of Supervisors

FROM: Brett Wood, Purchasing Manager

DATE: October 20, 2015

SUBJECT: Compressed Natural Gas as a Motor Vehicle Fuel – Southwest Gas Corporation

ACTION REQUESTED

Approve the renewal of a negotiated blanket purchase order with Southwest Gas Corporation of Carson City, NV, for the purchase of compressed natural gas as a motor vehicle fuel in the maximum amount of \$150,000, for the period of October 1, 2015 through September 30, 2016. Funding is provided by the Department of Public Works and Facilities FY 2015-16 Final Budget.

BACKGROUND

The Department of Public Works and Facilities Fleet Services Division purchases compressed natural gas (CNG) from Southwest Gas Corporation for its fueling station facility in Truckee. This fueling station is used to refuel the County's fleet of natural gas transit buses in the Truckee/North Lake Tahoe region. Southwest Gas Corporation is the only service provider for natural gas in the Truckee/North Lake Tahoe region. The department's most recent blanket purchase order (BPO) expired on September 30, 2015.

As of August 1, 2015, the total sales rate for CNG service for motor vehicles is \$0.72289 per therm, which represents a decrease of \$0.16292 per therm from a year ago. Some of the elements of the total price per therm include the base cost of CNG, Southwest's margin, and other related charges and surcharges imposed by the California Public Utilities Commission (CPUC). The CNG base cost and Southwest's margin fluctuates with current market conditions and is based upon the CPUC Statement of Rates and the Rate Schedule GN-50. The other charges and surcharges imposed by the CPUC typically remain constant through the agreement period.

Purchasing Policy Manual Section 1.3(l) allows for an exception to the competitive process if a product can only be purchased from one supplier, and Section 1.3(o) allows for the renewal of this contract based on the vendor's satisfactory performance and to avoid an interruption to the County's transit operations. This renewal meets both criteria.

Therefore your Board's approval is required to award a new one-year BPO in the department's requested maximum amount of \$150,000 for the period of October 1, 2015 through September 30, 2016.

FISCAL IMPACT

Funding for CNG as a motor vehicle fuel is provided by revenues collected from Fleet rate and Fleet direct charges to customers for services rendered in the Department of Public Works and Facilities FY 2015-16 Final Budget and will be in their FY 2016-17 Requested Budget.

cc: Cynthia Taylor, Senior Administrative Services Officer – Public Works and Facilities
Chuck Gordon, Fleet Operations Manager – Public Works and Facilities

