



**MEMORANDUM**  
**ADMINISTRATIVE SERVICES**  
**PROCUREMENT SERVICES**  
County of Placer

TO: Board of Supervisors  
FROM: Brett Wood, Purchasing Manager  
SUBJECT: Compressed Natural Gas as a Motor Vehicle Fuel – Southwest Gas Corporation

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**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, 2016 through September 30, 2017.

Approve the option to renew the resulting blanket purchase order for two (2) additional one-year periods in the recommended award amount of \$150,000 annually.

Authorize the Purchasing Manager to sign all required documents.

**BACKGROUND**

The Department of Public Works and Facilities, Fleet Services Division (DPWF) 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. On October 20, 2015 your Board approved the award of a negotiated blanket purchase order to Southwest Gas Corporation who is the only service provider for natural gas in the Truckee/North Lake Tahoe region. The resulting blanket purchase order expires on September 30, 2016.

As of September 1, 2016 the total sales rate for CNG service for motor vehicles is \$0.81252 per therm, which represents an increase of \$0.08963 per therm from a year ago. Some of the elements of the total price per therm include the base cost of CNG, Southwest Gas Corporation's margin, and other related charges and surcharges imposed by the California Public Utilities Commission (CPUC). The CNG base cost and Southwest Gas Corporation'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(i) 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 proceed with the award of a blanket purchase order to Southwest Gas Corporation in the maximum amount of \$150,000.

**FISCAL IMPACT**

Funds are currently budgeted in the Department of Public Works and Facilities' FY 2016-17 Final Budget and will be included FY 2017-18 Requested Budget, resulting in no new net County cost. Funds are not encumbered until purchases are rendered against the blanket purchase order.

cc: Cynthia Taylor, Senior Administrative Services Officer  
Chuck Gordon, Fleet Services Manager

