MEMORANDUM
COUNTY EXECUTIVE OFFICE
Procurement Services Division
County of Placer

TO: Board of Supervisors DATE: September 10, 2019

FROM: Todd Leopold, County Executive Officer
By: Brett Wood, Purchasing Manager

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

ACTION REQUESTED

Approve the renewal of a negotiated contract 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, 2019 through September 30, 2020. Funded by the Department of Public Works Fleet Services Division Proposed Budget for FY 2019-20 and Requested Budget for FY 2020-21.

Approve the option to renew the resulting agreement for two (2) additional one-year terms in the maximum amount of $150,000 annually, authorize change orders up to a maximum cumulative amount of $15,000, consistent with Placer County's Procurement Policy, and authorize the Purchasing Manager to sign all required documents subject to departmental concurrence and available funding.

BACKGROUND

The Placer County Department of Public Works Fleet Services Division (DPW) 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 September 27, 2016 your Board approved the award of a negotiated agreement with Southwest Gas Corporation who is the only service provider for natural gas in the Truckee/North Lake Tahoe region. In this same action your Board also authorized two additional one-year renewal options and authorized the Purchasing Manager to sign all required documents.

As of August 1, 2019 the total sales rate for CNG service for motor vehicles is $0.63504 per therm, which represents an increase of $0.10707 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. Procurement Policy Section 3.5(D) permits the renewal of this agreement when it is determined to be in the best interest of the County.

Therefore, your Board's approval is required to proceed with the award of a contract to Southwest Gas Corporation in the maximum amount of $150,000 for the period of October 1, 2019 through September 30, 2020. This recommendation supports the Critical Success Factor of supporting the County's public serving infrastructure and amenities by securing a consistently reliable source of fuel for the County's fleet of natural gas transit buses.

FISCAL IMPACT

Funds are included in DPW's FY 2019-20 Proposed Budget. Funds are not encumbered until purchases are paid against the agreement. Future renewals will not be executed without appropriate available funding.