

MEMORANDUM
COUNTY OF PLACER
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT SERVICES DIVISION

TO: Honorable Board of Supervisors

FROM: Brett Wood, Purchasing Manager *BW*

DATE: September 10, 2013

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

ACTION REQUESTED

1. Approve the annual renewal of a sole source Blanket Purchase Order (BPO) with Southwest Gas Corporation of Carson City (NV) for the purchase of compressed natural gas (CNG) as a motor vehicle fuel in the maximum amount of \$170,000, funded by revenues collected from Fleet rate and direct charge customers with no net County cost, for the period of October 1, 2013, through September 30, 2014, and authorize the Purchasing Manager to sign the resulting BPO.

BACKGROUND

The Department of Public Works (DPW) purchases CNG from Southwest Gas Corporation for its fueling station at the Cabin Creek Road Facility in Truckee. This fueling station is used to refuel the County's fleet of natural gas transit buses in the area. Southwest Gas Corporation is the only service provider for natural gas in the Truckee/North Lake Tahoe region. Section 1.3(l) of the Purchasing Policy Manual allows for an exception to the competitive process if a product can only be purchased from one supplier. The department's current BPO expires on September 30, 2013.

Some of the elements of the total price per therm include the base cost of CNG, Southwest's margin of \$0.07276 per therm, and other related charges and surcharges imposed by CPUC. The CNG base cost fluctuates with current market conditions and is based upon the California Public Utilities Commission (CPUC) Statement of Rates and the Rate Schedule GN-50. The other charges imposed by the CPUC can also fluctuate, but Southwest's margin will remain firm through the agreement period.

FISCAL IMPACT

As of August 1, 2013, the total sales rate for summer (June through September) for CNG service for motor vehicles is \$0.66523 per therm, which represents an increase of \$0.18414 per therm from a year ago. The total winter (October through May) sales rate for CNG service for motor vehicles is \$0.69636 per therm, which represents an increase of \$0.18408 per therm from a year ago.

Upon your Board's approval, a BPO will be awarded to Southwest Gas Corporation in the maximum amount of \$170,000. The new BPO will be effective for the period of October 1, 2013 through September 30, 2014. DPW's Fiscal Impact Statement is attached.

Attachment: DPW Fleet Services' Fiscal Impact Statement

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

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MEMORANDUM

DEPARTMENT OF PUBLIC WORKS
County of Placer

TO: Honorable Board of Supervisors

FROM: Ken Grehm, Director

DATE: September 10, 2013

SUBJECT: **Fiscal Impact Statement**
RQ057291 / BP020206 Southwest Gas

1. Approve the annual CNG Fuel BPO with Southwest Gas in the aggregate amount of \$170,000.00 funded by revenue collected from Fleet rate customers and Fleet direct charge customers, with no net county cost, for the period of FY 2013-14 and FY 2014-15, and authorize the Purchasing Manager to sign the resulting Blanket Purchase Order.