

**MEMORANDUM**  
**COUNTY OF PLACER**  
**ADMINISTRATIVE SERVICES DEPARTMENT**  
**PROCUREMENT SERVICES DIVISION**

TO: Honorable Board of Supervisors

FROM: Brett Wood, Purchasing Manager *BW*

DATE: August 26, 2014

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

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**ACTION REQUESTED**

1. Approve the annual renewal of a sole source 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, funded by revenues collected from Fleet rate and direct charge customers with no net County cost, for the period of October 1, 2014, through September 30, 2015 and authorize the Purchasing Manager to sign the resulting blanket purchase order.

**BACKGROUND**

The 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. 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, 2014.

Some of the elements of the total price per therm include the base cost of CNG, Southwest's margin of \$0.09309 per therm, and other related charges and surcharges imposed by CPUC. The CNG base cost and Southwest's margin 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 and surcharges imposed by the CPUC typically remain firm through the agreement period.

**FISCAL IMPACT**

As of June 1, 2014, the total sales rate for CNG service for motor vehicles is \$0.88581 per therm, which represents an increase of \$0.22058 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 \$150,000. The new BPO will be effective for the period of October 1, 2014 through September 30, 2015. The department's purchases are funded by revenues collected from Fleet rate and direct charge customers with no net County cost.

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

