



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 18-539

Board Meeting Date: 6/26/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Donna Vaillancourt, Director, Human Resources
J. Scott Johnson, Deputy Director, Human Resources

Subject: Agreement with the State of California, Department of General Services, for Natural Gas Services

RECOMMENDATION:

Adopt a resolution authorizing the County's Procurement Manager or the Director of Public Works to enter into an agreement with the State of California, Department of General Services, Natural Gas Services Program, in an amount not to exceed \$400,000 per year, for the term of July 1, 2017 to June 30, 2023.

BACKGROUND:

State Assembly Bill Number 650, Chapter 615 requires the Director of General Services to operate a Natural Gas Services Program (Program) with respect to the acquisition of natural gas and related services available to any city, county, etc., that expends public funds.

The Program is authorized by the State legislature. The provision of natural gas is vital to the success of State agencies. The Department of General Services (DGS) allows interagency contracts with other agencies who spend public funds. The program is staffed by experienced analysts who monitor and negotiate for this commodity on an ongoing basis. The DGS has an expertise the County does not currently have with existing staff. The Program charges an administrative fee of \$.0065 per Therm of gas delivered to participants, with a maximum fee not-to-exceed \$27,000. The Department of Public Works estimates the current fiscal year's administrative fee at approximately \$5,500.

DISCUSSION:

The cogeneration project at the San Mateo Medical Center requires natural gas to be delivered on a consistent basis. The Department of Public Works is responsible for determining the best value to the County; considering price, service reliability, and history of providing these types of services. The Program under the California DGS has provided these services to counties, cities, special districts, nonprofit hospitals, and educational institutes that expend public funds. The Department of Public

Works has determined this interagency contract provides the best value to the County.

Cooptable or piggy back contracts can be used by other public agencies provided they follow their own guidelines for procuring the good, service, or commodity. The County had previously entered into contracts with DGS that were over \$100,000 with the Natural Gas Service Program for services. For FY 2017-2018, the Department of Public Works entered into an agreement with DGS that was valued at approximately \$375,000.

The County selected this Program and has been using the Program at the cogeneration site at San Mateo Medical Center for FY 2017-18. The County requests the retroactive approval from your Board for the current fiscal year agreement and for an additional five-year term. The five-year agreement will allow the State greater buying power to negotiate favorable rates and provide the County more predictability. In a price comparison, the Program saves an average of three percent in FY 2017-18 and four percent in FY 2018-19 over natural gas purchased directly from Pacific Gas and Electric (PG&E).

PERFORMANCE MEASURES:

	2017-2018	2018-2019
Availability of Natural Gas	100%	100%
Cost savings over PG&E	3%	4%

County Counsel has reviewed and approved the resolution and agreement as to form.

Approval of this resolution contributes to the Shared Vision 2025 outcome of Environmentally Conscious Community by generating renewable energy and increasing energy efficiency.

FISCAL IMPACT:

Total fiscal obligation under this contract is up to \$400,000 per year, for a total of \$2,400,000 over a six-year term. Funding is included in the Department of Public Works Adopted FY 2017-18 and Recommended Budget for FY 2018-19. There is no additional impact to the General Fund.