



APPROVED
BY THE CITY COUNCIL

1.7

OCT 5 1999

OFFICE OF THE
CITY CLERK

DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

927 10th STREET
SUITE 300
SACRAMENTO, CA
95814-2702

TECHNICAL SERVICES
DIVISION

PH 916-264-8300
FAX 916-264-7903

September 14, 1999

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: NATURAL GAS AGREEMENT - APPROVAL OF DEVELOPMENT OF JOINT
REQUEST FOR PROPOSAL (RFP) WITH THE COUNTY OF SACRAMENTO
FOR PROCUREMENT OF NATURAL GAS AGREEMENT**

LOCATION AND COUNCIL DISTRICT: All Districts

RECOMMENDATION:

This report recommends that the City Council:

Approve the development and release of a joint City of Sacramento/County of Sacramento RFP for the procurement of a natural gas agreement.

CONTACT PERSON: Brian Reilly, Project Manager (264-8427)

FOR COUNCIL MEETING OF: October 5, 1999

SUMMARY:

This report requests the City Council's approval for the development of an RFP in partnership with the County of Sacramento for the supply of natural gas to the City of Sacramento and the County of Sacramento.

COMMITTEE/COMMISSION ACTION: None.

BACKGROUND INFORMATION:

On January 27, 1998, the City Council approved a resolution to authorize the procurement of natural gas from Poco Petroleum, Inc. The agreement was the result of a joint RFP released



City Council
Natural Gas Agreement – RFP
September 14, 1999

by the City of Sacramento and County of Sacramento to maximize the advantage of economies of scale in the procurement.

Poco Petroleum, Inc. has elected to terminate its business in California as a Core Transport Agent under Pacific Gas & Electric's (PG&E) Core Procurement Program. The City and County of Sacramento have the option to return to PG&E to obtain gas commodity or to secure an alternate provider through the RFP process.

FINANCIAL CONSIDERATIONS:

The agreement with Poco Petroleum, Inc. provided for a 10% discount to PG&E's natural gas commodity costs, resulting in a savings to the City of approximately \$24,000 over the past sixteen (16) months. Comparable savings are anticipated to be available through alternate natural gas providers.

Funding mechanisms for gas usage will not change. Gas usage by each City department will be funded by its existing utility allocation fund. Cost savings will be realized by each department's natural gas account.

POLICY CONSIDERATIONS:

This recommendation is in accordance with the provisions of City Code Section 57.04.401(c), which authorizes suspension of competitive bidding upon two-thirds vote of the City Council.

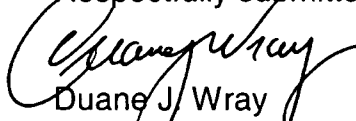
ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA guidelines, Sections 15061(b)(1), 15378(b)(3).

ESBD CONSIDERATIONS:

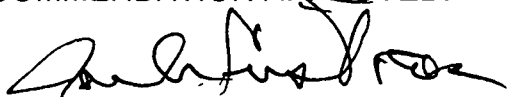
ESBD goals and requirements will be addressed in the RFP.

Respectfully submitted,



Duane J. Wray
Technical Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

P/Misc Proj/Natural Gas/Council/RFP Procurement of Natural Gas

APPROVED:



Michael Kashiwagi
Director of Public Works

