

## **STAFF REPORT**

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**DATE:** November 13, 2023  
**TO:** Sacramento Regional Transit Board of Directors  
**FROM:** Jason Johnson, VP, Finance/CFO  
**SUBJ:** RATIFYING THE EXECUTION OF SPECIAL PURCHASE AMENDMENTS TO THE GAS SERVICES AGREEMENT WITH THE DEPARTMENT OF GENERAL SERVICES AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ENTER INTO FUTURE AGREEMENTS WITH THE DEPARTMENT OF GENERAL SERVICES UNDER THE NATURAL GAS SERVICES PROGRAM FOR THE PURCHASE OF COMPRESSED NATURAL GAS

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Approval of the attached Resolution will ratify the special purchase amendments previously signed by the General Manager/CEO for the purchase of biomethane fuel from the State of California Department of General Services (DGS) and allow the General Manager/CEO to continue purchasing through the advantageous state pricing and renewable energy credits.

### FISCAL IMPACT

Approving continued purchasing through DGS, including the purchasing of renewable natural gas is expected to result in cost savings to SacRT as compared to other purchasing options. The estimated cost for fuel is included in the approved FY 24 Operating Budget in the amount of \$3.2 million.

### DISCUSSION

The Natural Gas Services Program within DGS was established by statute (Public Contract Code section 10299.1) and procures natural gas on behalf of California State Government agencies, including the University of California, California State University, and California Community College systems, and counties, cities, and special districts throughout the state. On January 23, 2006, under Resolution No. 06-01-0022, the Board authorized SacRT to enter into an agreement with DGS to purchase its compressed natural gas (CNG) for a 5-year term.

In 2011, by Resolution No. 11-01-0003, the Board authorized the General Manager/CEO to enter into a new Gas Services Agreement with DGS for CNG purchase. Recognizing the continued benefits of this economy of scale purchasing, the Board's 2011 approval authorized the Gas Services Agreement to continue for an indefinite period until terminated by either party.

Subsequent to the execution of the initial agreement, Staff was informed that SacRT could realize additional savings on its CNG purchasing by entering into Special Purchase Amendments for the purchase of biomethane CNG, which allows SacRT to take advantage of state and federal tax credits to reduce the overall CNG purchasing costs. Since 2011, Staff has executed three Special Purchase Amendments.

Staff reviewed the existing CNG purchase agreements and amendments as part of the agreement renewal process. During this review it was determined that because the Board's 2011 approval was specific to the Gas Services Agreement, the execution of the three Special Purchase Amendments by SacRT Staff was unauthorized. To correct this oversight and allow for continued participation in this cost-saving program, Staff is requesting that the Board retroactively ratify the existing amendments and delegate authority to the General Manager/CEO, on a forward-going basis, to sign any and all agreements necessary to continue participation in the Natural Gas Services Program so long as the General Manager/CEO determines that it is advantageous to SacRT.

RESOLUTION NO. 2023-11-111

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

November 13, 2023

**RATIFYING THE EXECUTION OF SPECIAL PURCHASE AMENDMENTS TO THE GAS SERVICES AGREEMENT WITH THE DEPARTMENT OF GENERAL SERVICES AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ENTER INTO FUTURE AGREEMENTS WITH THE DEPARTMENT OF GENERAL SERVICES UNDER THE NATURAL GAS SERVICES PROGRAM FOR THE PURCHASE OF COMPRESSED NATURAL GAS**

WHEREAS, pursuant to Public Contract Code section 10299.1, the Sacramento Regional Transit District is authorized to purchase compressed natural gas (CNG) through the State of California, Department of General Services (DGS) Natural Gas Services Program, notwithstanding any other provision of law, including Public Utilities Code section 102222; and

WHEREAS, in 2011, by Resolution No. 11-01-0003, the Board authorized the General Manager/CEO to enter into a new Gas Services Agreement with DGS for CNG purchase for an indefinite term; and

WHEREAS, due to the availability of state and federal tax credits for renewable natural gas, SacRT had an opportunity to obtain additional cost savings for CNG purchase and SacRT staff realized those savings by executing Special Purchase Amendments that were beyond the scope of the original authorization; and

WHEREAS, the Board desires to provide additional flexibility to the General Manager/CEO to take advantage of the benefits of the Natural Gas Services Program.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, pursuant to Section 1.105 of the Procurement Ordinance (Ordinance No. 22-12-01), the Board of Directors hereby ratifies the prior execution of three Special Purchase Amendments for the purchase of biomethane gas under the Gas Services Agreement by and between the Sacramento Regional Transit District and DGS (approved by Resolution No. 11-01-0003) because supplies or services have been provided to and accepted by SacRT, the resulting contract would otherwise have been proper if approved by the Board of Directors; the price was fair and reasonable; and sufficient funds are available.

THAT, the Board of Directors hereby delegates authority to the General Manager/CEO to execute any and all agreements necessary to continue participation in the DGS Natural Gas Services Program, including the purchase of specialized CNG products, so long as the General Manager/CEO determines that it is advantageous to SacRT to do so.

THAT, this delegation will continue until repealed by the Board.

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PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary