

ADMINISTRATION RECOMMENDATION/REPORT

The District President recommends the Board of Trustees approves a renewal of the contract for natural gas supply from the State of Texas General Land Office (GLO) for the Plano and Frisco campuses.

BACKGROUND

The Board approved an Interagency Cooperation Agreement with the GLO on January 28, 2014, and subsequent extensions, to provide natural gas to the Plano and Frisco campuses. The GLO cost of the commodity will be based on the First Month Natural Gas Index plus \$0.40.

The Texas Legislature authorized natural gas sales by the GLO to maximize revenues from the oil and gas royalties earned from state land in 1983. As an alternative to receiving these royalties in cash, the GLO could, by agreement, take some of the natural gas as “in-kind” and sell the gas directly to public retail customers.

Atmos Energy Company, the local distribution company, requires an annual average usage of 25 MMBtus daily for transportation. Therefore, only two College meters, one located at the Plano Campus and one at the Frisco Campus, can be included in the GLO contract.

IMPACT OF THIS ACTION

The GLO has approximated savings to be 20% over the contract term compared to what the District would pay Atmos. This amount is based on historical differences between contracting with the GLO versus what would have been spent using Atmos. The District’s energy consultant, Energy Edge Consulting, evaluated the proposed extension from the GLO, agreed that it would result in significant savings for the District, and recommended that we accept the proposed extension.

BUDGET INFORMATION (INCLUDING ANY STAFFING IMPLICATIONS)

This purchasing request is for a spend authorization of \$630,000 which is budgeted in the Plano and Frisco campuses’ Plant Operation’s FY25 operating budget and subsequent years’ budgets subject to Board approval. Current contract spend is \$400,568.

MONITORING AND REPORTING TIMELINE

The term of contract is September 1, 2024 through August 31, 2026.

RESOURCE PERSONNEL

Dr. Bill King, Executive Vice President
972-758-3880