

ADMINISTRATION RECOMMENDATION/REPORT

The District President recommends the Board of Trustees approve the renewal of the Interagency Cooperation contract for natural gas supply from the State of Texas General Land Office (GLO) for the Spring Creek and Preston Ridge Campuses.

BACKGROUND

The Board of Trustees approved an Interagency Cooperation Agreement with the GLO on January 28, 2014 to provide natural gas to the Spring Creek and Preston Ridge Campuses. The GLO cost of the commodity will be based on 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 or more each day for transportation, therefore only two of the college meters, one located at the Spring Creek Campus and one at the Preston Ridge Campus, are eligible to 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 is based on historical differences between contracting with the GLO versus what we would have paid using Atmos. The District’s energy consultant, Energy Edge Consulting, evaluated the proposed extension from the GLO, agreed that it would result in a significant savings to the District and made the recommendation that we accept the proposed extension.

BUDGET INFORMATION (INCLUDING ANY STAFFING IMPLICATIONS)

This purchasing request is for spend authorization of \$650,000 for the three (3) year term, which is budgeted in the SCC and PRC facilities maintenance departments’ 2017-2018 operating budget and subsequent year’s budgets subject to Board approval for the products and services described and in accordance with Board Policy CF (Local) and Texas Education Code Section 44.031.

MONITORING AND REPORTING TIMELINE

The term of contract will be September 1, 2017 through August 31, 2020.

RESOURCE PERSONNEL