



San Bernardino County

Legislation Text

File #: 4578, Agenda Item #: 16

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY AND RECORD OF ACTION

July 27, 2021

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Amendment to the Contract for Sale and Purchase of Natural Gas with Pacific Summit Energy LLC for the Provision of Natural Gas

RECOMMENDATION(S)

Approve Amendment No. 3 to Contract No. 20-600 with Pacific Summit Energy LLC for the Sale and Purchase of Natural Gas, extending the term for six months from August 1, 2021 to January 31, 2022, for a total contract period of June 3, 2015 through January 31, 2022, and increasing the contract amount by \$492,480, from \$3,446,248 to \$3,938,728.

(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this recommended contract amendment will not result in the use of Discretionary General Funding (Net County Cost). The additional cost of \$492,480 is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2021-22 budget.

BACKGROUND INFORMATION

The recommended contract amendment will allow ARMC the ability to continue the purchase of natural gas from Pacific Summit Energy LLC (Pacific Summit) for uses including but not limited to, space heating, water heating, cooking, and emergency fuel. ARMC utilizes an energy broker to purchase natural gas in order secure lower rates by entering into a fixed rate contract with a specific energy broker. This type of contract allows ARMC to purchase natural gas at a fixed cost for a specific period. If the natural gas utility provider, So Cal Gas, increases their rates, ARMC's cost will remain the same. By purchasing natural gas from a supplier, such as Pacific Summit, ARMC has saved on average of 40% on natural gas costs. The cost savings allows ARMC to operate in a fiscally-responsible and business-like manner.

On May 20, 2015, ARMC submitted a Request for Quotes in San Bernardino County's Electronic Procurement (ePro) for the provision of natural gas. Three vendors submitted their quotes: (1) BP North America, (2) Constellation, and (3) Pacific Summit. Pacific Summit was awarded the contract based on lowest bid. On June

3, 2015, based on a competitive process, the Purchasing Department executed a contract with Pacific Summit, for a contract period of August 1, 2015 through July 31, 2018, for a contract amount of \$1,723,124.

On June 29, 2018, the Purchasing Department executed Amendment No.1 to the contract to extend the contract period by two additional years, for a total contract period August 1, 2015 through July 31, 2020, and to increase the contract amount by \$1,148,749, for a total contract amount of \$2,871,873.

On July 28, 2020 (Item No.19), the Board of Supervisors (Board) approved Amendment No. 2 to extend the agreement by one additional year, including the non-standard terms that were a part of the original contract, for a total contract period of June 3, 2015 through July 31, 2021, and increasing the contract amount by \$574,375, for a total contract amount of \$3,446,248.

PROCUREMENT

Purchasing supports the six-month extension to the existing contract in order to allow sufficient time for ARMC to complete the formal Invitation to Bid (ITB) process and related contract negotiations. ARMC is seeking an extension as the initial ITB released through ePro on March 29, 2021, was cancelled due to an inadequate number of responses. ARMC has since reissued the ITB through the ePro network and proposals are due from vendors on July 16, 2021. ARMC anticipates selecting a winning proposer and awarding a new agreement no later than January 31, 2022. When finalized, the recommended agreement will be presented to the Board for approval at the soonest possible date following the necessary approvals.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on June 28, 2021; Purchasing Department (Ariel Gill, Buyer III, 777-0722) on July 1, 2021; ARMC Finance (Chen Wu, Finance Budget Officer, 580-3165) on July 1, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on July 8, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on July 12, 2021.