

AMENDED IN SENATE JUNE 4, 2013  
AMENDED IN ASSEMBLY MAY 1, 2013  
AMENDED IN ASSEMBLY MARCH 20, 2013  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 650**

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**Introduced by Assembly Member Nazarian**

February 21, 2013

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An act to add Section 10299.1 to the Public Contract Code, relating to state government, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 650, as amended, Nazarian. State government: general services: Natural Gas Services Program.

Existing law authorizes the Department of General Services to contract with suppliers to obtain materials, supplies, equipment, and services.

This bill would require the director to operate the Natural Gas Services Program, pursuant to which the Director of General Services shall make the services of the department with respect to the acquisition of natural gas and related services available, under agreed upon terms and conditions, to any city, county, city and county, district, or other local governmental body, and to nonprofit hospitals and educational institutions that expend public funds, and shall enter into interagency agreements for acquisition of natural gas and related services, as defined.

The bill would require agencies that are in the executive branch of state government, *except the Department of Water Resources*, to use the department's natural gas program for noncore gas purchases of natural gas. The bill would authorize the department to hire employees as required for this program. The bill would create the Department of

General Services Natural Gas Services Program Fund, and would continuously appropriate that fund to the department for purposes of operating the Natural Gas Services Program.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10299.1 is added to the Public Contract  
2 Code, to read:

3 10299.1. (a) Notwithstanding any other law, the director shall  
4 operate the Natural Gas Services Program to consolidate and  
5 address the needs of multiple state agencies for the procurement  
6 of natural gas and related services.

7 (b) Procurement of natural gas and related services is vital to  
8 public sector facilities in California and, due to the volumes and  
9 costs involved, this section authorizes the following:

10 (1) The director shall make the services of the department with  
11 respect to the acquisition of natural gas and related services  
12 available, under agreed upon terms and conditions, to any city,  
13 county, city and county, district, or other local governmental body,  
14 and to any nonprofit hospital or educational institution that expends  
15 public funds.

16 (2) The department is authorized to enter into interagency  
17 agreements with the entities listed in paragraph (1) for the  
18 acquisition of natural gas and related services. The department  
19 may enter into contracts, master agreements, multiple award  
20 schedules, cooperative agreements, agreements with entities outside  
21 the state, and other types of agreements that leverage the state's  
22 buying power through the use of a competitive bidding process.  
23 The state shall not incur financial responsibility in connection with  
24 the contracting of nonstate agencies under this section.

25 (3) The department may buy, sell, exchange, transfer, or  
26 otherwise dispose of natural gas acquired by the department  
27 pursuant to this section, and may recover the department's  
28 acquisition and other costs to operate the program through customer  
29 charges or fees.

30 (4) The department may enter into gas purchase transactions  
31 for a term longer than five years, if specifically approved by the  
32 director.

1 (5) The program shall adjust to changes in customer  
2 requirements and market conditions and create and manage an  
3 ongoing pool of gas suppliers.

4 (6) The department is authorized to provide additional services  
5 to customers related to the environmental aspects of energy use  
6 and the requirements related to greenhouse gas regulations,  
7 renewable energy requirements, and similar programs and  
8 requirements.

9 (7) Notwithstanding any other law, the department is not  
10 required to include in contracts or other agreements for the  
11 purchase of natural gas and related services entered into pursuant  
12 to this section disabled veteran business enterprise requirements,  
13 unless the department determines that the application of those  
14 provisions is necessary to accomplish the purposes of this section.

15 (c) Agencies that are in the executive branch of the state  
16 government, *except the Department of Water Resources*, shall use  
17 the department's natural gas program for noncore gas purchases  
18 of natural gas to ensure maximum participation resulting in the  
19 best discounts and prices for the commodity. The Director of  
20 General Services may allow exemptions to this requirement.

21 (d) The department may hire and appoint employees as required  
22 for this program, at salary levels determined by the director to be  
23 competitive to attract and retain persons with the necessary  
24 expertise and skills. Prior to hiring or appointing an employee at  
25 a salary in excess of a salary approved by the Department of  
26 Human Resources (CalHR), the director shall submit a proposed  
27 salary to the Director of Finance who shall submit it to the  
28 Legislature in accordance with the annual Budget Act.

29 (e) For purposes of this section, "natural gas" includes, but is  
30 not limited to, natural gas, methane, biomethane, compressed  
31 natural gas, liquefied natural gas, and other energy commodity  
32 that is similar to natural gas, and related services, including, but  
33 not limited to, gas storage, gas transportation, and forward  
34 purchases of natural gas.

35 (f) During any period in which a Budget Act has not been  
36 approved, the department shall continue to receive payment  
37 transfers from agencies that are not in the executive branch of the  
38 state government and agencies that are in the executive branch of  
39 state government that are able to pay because they operate with  
40 funds that are continuously appropriated.

1 (g) The department is authorized to charge, collect, and hold  
2 funds from a customer that voluntarily requests prepaid long-term  
3 natural gas supplies, for a period not to exceed 20 years.

4 (h) The Department of General Services Natural Gas Services  
5 Program Fund is hereby established in the State Treasury.  
6 Notwithstanding Section 13340 of the Government Code, the fund  
7 is hereby continuously appropriated to the department without  
8 regard to fiscal year, for the purposes of operating the Natural Gas  
9 Services Program.

10 (1) All revenues payable to the department for natural gas and  
11 related services shall be deposited in this fund. Any payments from  
12 this fund shall only be made for those purposes described in and  
13 consistent with this section.

14 (2) The Natural Gas Services Program’s customer fee revenues  
15 cannot be shifted or borrowed from the fund.

16 (3) If at the end of any fiscal year, there are unexpended  
17 revenues, those revenues shall be retained in the fund and reserved  
18 for future Natural Gas Services Program expenses.