

AMENDED IN SENATE AUGUST 15, 2013
AMENDED IN SENATE JUNE 19, 2013
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

Introduced by Assembly Member Nazarian

February 21, 2013

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~~ *would* 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~~ *would* 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~~ *Natural Gas Services 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. *The bill would state that funding for the department’s administrative costs in overseeing the program is to be provided for in the annual Budget Act.*

Vote: $\frac{2}{3}$. 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.

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

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

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

12 (6) The department is authorized to provide additional services
13 to customers related to the environmental aspects of energy use
14 and the requirements related to greenhouse gas regulations,
15 renewable energy requirements, and similar programs and
16 requirements.

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

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

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

38 (f) During any period in which a Budget Act has not been
39 approved, the department shall continue to receive payment
40 transfers from agencies that are not in the executive branch of the

1 state government and agencies that are in the executive branch of
2 state government that are able to pay because they operate with
3 funds that are continuously appropriated.

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

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

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

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

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

22 (i) *Funding for the costs incurred by the department in*
23 *administering this section shall be provided for in the annual*
24 *Budget Act.*