

July 21, 2005

06-004

GRANT EXEMPTION TO CONTINUE TO CONTRACT
WITH IGI RESOURCES, INC FOR THE PURCHASE OF
NATURAL GAS

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FINANCIAL
RESPONSIBILITY: Steve Sivage, Director, Physical Plant

APPROVED BY: Randy McEwen, Vice President, Administrative Services
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REPORT: At the August 27, 1997 meeting, the Board authorized the award of a natural gas contract to IGI Resources for an estimated expenditure amount of \$200,000 for a one-year term through April 30, 1998 (#98-021). This contract was the result of a formal Request for Proposals process completed by the Willamette Valley Gas Users Group (WVG), comprised of The University of Oregon, Portland Community College and Lane Community College, to collectively purchase natural gas transportation and service. The contract contained the option for nine (9) additional one-year term extensions.

At the May 21, 1998 meeting, the Board authorized the first one-year term extension of this contract, in conjunction with the rest of the WVG, for another \$200,000 through April 30, 1999 (#98-136); and at the April 15, 1999 meeting, the Board authorized extensions through April 30, 2006 (#99-102).

WVG elected not to renew the current contract (and as amended by Oregon State University and Portland State University) with IGI Resources for fiscal year 2005-2006, but wanted each agency who had been utilizing the contract to execute and be responsible for their own individual contracts with IGI Resources.

Natural gas cost savings to the college have been considerable, as IGI Resources procures gas on the futures market up to a year in advance. Using this method, the college is able to stabilize its costs and reduce its risk in a volatile market.

The Community College Rules of Procurement (adopted February 24, 2005), CCR.222 exempts price regulated items (including gas, diesel fuel, heating oil, lubricants, asphalts, distilled alcohol, postage, and certain utilities) from competitive bidding. However, Board Policy #B-505 requires the Board of Directors to approve procurement contracts in excess of \$100,000.

RECOMMENDATION:

That the Board of Directors authorize the exemption from competitive process and continue to contract with IGI Resources for the purchase of natural gas through October 31, 2007 with an option to renew on a biennium basis through October 31, 2015. The estimated annual expenditure is \$500,000. Expenditure will be covered by General Fund (Plant Operations).