



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 6, 2022

FROM: GENERAL SERVICES DEPARTMENT WARDS: ALL

SUBJECT: CONTRACT RENEWAL WITH MUTUAL LIQUID GAS AND EQUIPMENT COMPANY, INC., FOR THE PURCHASE AND DELIVERY OF LIQUIFIED PETROLEUM GAS (PROPANE) FOR THE CITY OF RIVERSIDE CORPORATION YARD IN THE AMOUNT OF \$65,000 ANNUALLY

ISSUE:

Approve the Contract Renewal with Mutual Liquid Gas and Equipment Company, Inc. for the purchase and delivery of liquified petroleum gas (propane) for the City of Riverside Corporation Yard for an annual compensation of \$65,000.

RECOMMENDATIONS:

That the City Council:

1. Approve the purchase and delivery of liquified petroleum gas (propane) for the City of Riverside Corporation Yard with Mutual Liquid Gas and Equipment Company, Inc. of Corona, CA in the total amount of \$65,000 for Fiscal Year 2022/23; and
2. Authorize the City Manager, or designee, to execute the Contract Renewal with Mutual Liquid Gas & Equipment Co., Inc., including making minor and non-substantive changes, and to execute any one-year renewal period extensions in the amount of \$65,000 annually.

BACKGROUND:

The City of Riverside Fleet Management Division manages the fuel station located at the Corporation Yard which provides various fuels including liquified petroleum gas (propane) for the City of Riverside vehicles and the public as a clean burning alternative fuel. The City's propane rates are extremely competitive and propane sales revenue is reinvested into the fleet infrastructure to support the City's goals of decreasing the carbon footprint. Mutual Liquid Gas and Equipment Company, Inc. (Mutual Propane) has supplied propane to the City of Riverside since 2009 and has provided quality service.

On July 26, 2016, City Council awarded Bid No. 7411 to Mutual Propane for the purchase and delivery of propane.

On April 11, 2017, City Council approved an extension of Bid No. 7411 for an additional four-year term ending June 30, 2021.

On June 24, 2021, Mutual Propane agreed to extend the current contract terms and conditions for one additional year ending June 30, 2022.

DISCUSSION:

Mutual Propane (Vendor) has agreed to extend the fuel contract from FY 2021/22 without any change in terms or conditions. The Vendor agreed to sell propane to the City of Riverside with “no increase to the margins/mark-up.” Although the price of fuel fluctuates, Mutual Propane is willing to continue with the same pricing through June 30, 2023 and also agreed to extend the current contract terms and conditions for three additional one-year terms ending August 31, 2026.

Purchasing Resolution No. 23914 Section 602(d) states: “Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ...(d) When the Procurement can only be obtained timely from a single source and the Manager is satisfied that the best price, terms, and conditions for the Procurement thereof have been negotiated”.

Mutual Propane owns and maintains two 1,999-gallon propane tanks that are currently installed at the Corporation Yard. This existing infrastructure would need to be altered to accommodate a new vendor. The new vendor would have to go through the permitting process for the new tanks as well as for a possible construction project because the tanks could be of a different size and configuration. The cost of this would far outweigh the cost of continuing with Mutual Propane. Switching to a new vendor will also cause detrimental down-time to City staff who operate vehicles and equipment that require propane resulting in a major delay in the operations performed by these departments.

The Purchasing Manager concurs that with the recommendation to approve is in compliance with Purchasing Resolution No. 23914.

STRATEGIC PLAN ALIGNMENT:

This item contributes to the City’s Strategic Priority No. 5 High Performing Government and Indicator – Financial Health as it’s fiscally prudent to lock in wholesale pricing for an extended term.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – This action builds community trust by ensuring the city is receiving necessary products at a competitively bid price.
2. **Equity** – This item is neutral towards this cross-cutting thread.
3. **Fiscal Responsibility** – The proposed action is in accordance with Purchasing Resolution No. 23914, Section 602(d). This contributes to the City’s financial health by ensuring the City will be receiving the best pricing.
4. **Innovation** – By entering into this multi-year partnership for propane, the city is better able

to forecast propane requirements and budget needs.

5. **Sustainability & Resiliency** – The multi-year contract for the purchase and delivery of propane will ensure all city departments and the public have access to propane as a clean alternative fuel.

FISCAL IMPACT:

The total fiscal impact of the action is \$65,000. Funds are available in the Central Garage Fund, Motor Fuel & Lube Inventory account 0000650-141100. Appropriations for future fiscal years will be included in department budget submissions for those fiscal years to be presented to the City Council for approval.

Prepared by: Carl Carey, General Services Director
Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Contract for FY 2022/2023
2. Sole Source Justification
3. Vendor Letter