



### Sole Source Justification Form

Complete and submit this form to the Purchasing Division when requesting exception to the competitive procurement process.

Sole source procurement refers to those purchases where there is only one supplier that can provide the product/service to the City. Please be as thorough and detailed with explanations to assist in the evaluation process.

Date: 09/01/2022  
 Department: General Services  Division: Fleet Management  
 Name: Michael Turnbull Title: Fleet Ops Manager  
 Requisition No: Y226069  
 Vendor Name: Mutual Propane Vendor ID: 0016942

Item Description/ Scope of Work:	Propane delivery to City of Riverside, Corporation Yard
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1. Why is the acquisition restricted to this good/service/supplier? (Explain why the acquisition cannot be competitively bid and Include consequences that would occur from not contracting with this supplier.)

Mutual Liquid Gas and Equipment (Mutual Propane) has supplied propane to the City since 2009 and has provided quality service. On July 26, 2016, City Council awarded Bid No. 7411 to Mutual Propane and on April 11, 2017, City Council awarded the extension of Bid No. 7411 for a 4-year agreement ending June 30th, 2021. Mutual Propane has equipment installed at the City's Corporation Yard. This existing infrastructure would need to be altered to accommodate a new vendor, which would result in serious delays in fueling for City vehicles and equipment that require propane, as well as putting a major delay in the operations performed by these vehicles and equipment.

Any delays in securing the Procurement could prevent the propane fueled vehicles and equipment from being operational or greatly affect their productivity due to the lack of fueling options outside of the Corporation Yard. Unlike a gasoline station, there are very few locations within the City of Riverside that have the ability to fuel propane vehicles and operators would need to take additional time out of their schedules to locate one of these facilities. On top of location, many of these operators do not have payment options other than out of pocket, and wait for reimbursement thru payroll, or to have to coordinate with a supervisor to meet them at a fueling site wasting valuable time. Forklifts are used throughout the Corporation Yard and not having propane readily available would negatively affect the operations of many City departments. Also, forklifts cannot drive to an outside fueling site and would require an additional vehicle to drive the fuel tank to an offsite fueling station.

The City Fuel Stations, managed by the Fleet Division, also supply propane to the public and outside agencies. The revenues lost could affect Fleet in maintaining the Fuel Island, since a portion of the funds goes toward the cost of parts and labor to keep the stations operational. Over 14,000 gallons were dispensed at a cost of over \$44,000.00 for the Fiscal Year 2021/22.

2. How was the price offered determined to be fair and reasonable? Explain what the basis was for comparison and include cost analyses as applicable. (Compare to vendor's previous or current offer to the City or to another agency/company, market research – or any other method of comparison that will substantiate fair and reasonable pricing in the absence of competition). Attach back-up documentation for reference.

Since being awarded Bid No. 7411, Mutual Propane has agreed to extend the fuel contract without any change in terms or prices. They agree to sell propane to the City of Riverside with "no increase to the margins/mark-up", per Josh Hibbard (the Sales Rep). Mutual propane has agreed to this for several years in a row. (See attachment "Lincoln Agreement 7-12-2022") Although the price of fuel fluctuates, Mutual Propane is willing to continue with the same pricing thru June 30th, 2023. Propane is a byproduct of natural gas processing and sometimes crude oil refining, which causes the price of propane to fall between those two commodities. Similar to gasoline and diesel, the price between suppliers will vary, however, like previously stated they will also always be within a competitive value within a given market.

3. Describe any cost savings realized or costs avoided by acquiring the goods/services from this supplier. Include consequences that would occur from not contracting with this supplier.

A new propane vendor would need to alter existing infrastructure, pull permits, and install proprietary equipment. The cost of this would far outweigh the cost of continuing with the current vendor (Mutual Propane) and cause detrimental down-time to City staff who operate vehicles and equipment that require propane, as well as the public that utilize this station. The fuel station at the Corporation Yard has two 1,999-gallon propane tanks and they are owned and maintained by Mutual Propane. If this contract were to be awarded to another vendor, the tanks owned by Mutual Propane would have to be removed and replaced. The cost and process of having a new vendor install propane tanks would cause a significant amount of down-time in the supply of propane at the fuel island. The new vendor would have to go through the permitting process for the new tanks as well as for a possible construction project due to the fact that the tanks could be of a different size and configuration.

**Certification of Responsibility:**

I am aware of the City of Riverside requirements for competitive bidding and the established criteria for justification of single source purchasing. As an authorized Department representative, I have gathered the required technical information and have made a concentrated effort to review comparable/equal vendors or equipment. I hereby certify the validity of the information and feel confident this justification of single source meets the City's criteria and would withstand audit or vendor protest.

*Will Zell* 9/2/2022

Signature Date

Digitally signed by Shari Call  
Date: 2022.09.01 15:53:17 -07'00'

Shari Call

Department Head Date

*Jennifer McCoy*

Purchasing Manager (Up to \$50,000) Date

Over \$50,000 - Must be submitted for City Council Approval with Purchasing Manger concurrence.