



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 11, 2017

FROM: GENERAL SERVICES DEPARTMENT WARDS: ALL

SUBJECT: AUTHORIZE FOUR, ONE-YEAR OPTIONS TO RENEW BID NO. 7411 THROUGH JUNE 30, 2021 WITH MUTUAL LIQUID GAS AND EQUIPMENT COMPANY, INC. FOR THE ANNUAL PURCHASE OF LIQUEFIED PETROLEUM GAS (PROPANE) AT THE CORPORATION YARD AND INCREASE THE ANNUAL PURCHASE ORDER AMOUNT FROM \$117,470 TO \$200,000 WITH 15% (\$30,000) CHANGE ORDER AUTHORITY FOR A TOTAL AMOUNT OF \$230,000

ISSUE:

Authorize four, one-year options to renew Bid No. 7411 through June 30, 2021 with Mutual Liquid Gas and Equipment Company, Inc. for the City's purchase of liquefied petroleum gas (propane) and increase the annual purchase order amount from \$117,470 to \$200,000 with 15% (\$30,000) change order authority for a total amount of \$230,000.

RECOMMENDATIONS:

That the City Council:

1. Authorize four, one-year options to renew Bid No. 7411 with Mutual Liquid Gas and Equipment, Inc. of Gardena, California, for the annual purchase of Liquefied Petroleum Gas from July 1, 2017 through June 30, 2021; and
2. Increase the annual purchase order from \$117,470 to \$200,000 with 15% (\$30,000) change order authority for a total amount of \$230,000.

BACKGROUND:

The Fleet Management Division of General Services provides Liquid Petroleum Gas (propane) at the Corporation Yard for City vehicles and the public as a *clean burning alternative fuel*. On average the City fleet consumes 18% of propane with external sales of 82%. Riverside's propane rates are extremely competitive and propane sales revenue is reinvested into the fleet infrastructure to support the City's Green Action Plan goals.

DISCUSSION:

Mutual Liquid Gas and Equipment has provided propane to the City since 2009 and staff has been satisfied with the quality and level of service received. On June 10, 2016, Bid No. 7411 was issued for the annual requirement for propane. On July 26, 2016, City Council awarded Bid No. 7411 to Mutual Liquid Gas and Equipment, Inc. for a period of one year through June 30, 2017, in the amount of \$117,470. Bid No. 7411 allows the terms to be renewed for four (4) additional years by mutual agreement of the parties and by approval of the City Council.

For the past five years, usage of propane has been trending upward by about 2.88% each year. Staff is requesting authority to increase the purchase order from \$117,470 to \$200,000 with 15% (\$30,000) change order authority to cover pass through costs for propane, and provide for flexibility in demand in the current and future fiscal years.

The Purchasing Services Manager concurs with the recommendation.

FISCAL IMPACT:

There is no fiscal impact to the General Fund. Propane sales revenue is projected in the amount of \$258,000 for the current fiscal year. Funds in the amount of \$200,000 are available in the General Services 2016-18 budget Fuel Inventory Account No. 0000650-141100 for the purchase of this annual requirement.

Prepared by:	Carl Carey, General Services Director
Certified as to	
availability of funds:	Scott G. Miller, Ph.D., Chief Financial Officer/City Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Mutual Propane Gas and Equipment, Inc. Letter