

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

**Members of the Council:**

**SUBJECT: General Services and Public Works – Authorize change order for additional funding for Liquefied Petroleum Gas (LPG).**

**Expenditure: \$49,000**

**RECOMMENDATION**

Recommendation of the General Services Director and Public Works Director that the City Council authorize a change order with Mutual Propane of Gardena (PO#2011-660) to increase the purchase order by \$ 49,000 for a total not to exceed amount of \$88,000 for the purchase of Liquefied Petroleum Gas (LPG) on as needed basis.

**FUNDING**

Funding is available in the Public Works Operating Budget.

**BACKGROUND**

Propane or liquefied petroleum gas (LPG) is a clean-burning fossil fuel that can be used to power internal combustion engines. LPG-fueled vehicles produce fewer toxic and smog-forming air pollutants. LPG is usually less expensive than gasoline, and most LPG used in U.S. comes from domestic sources.

To continue to support using other alternative fuel sources, the City purchased two propane fueled street sweepers in 2007, which included installation of a LPG storage tank and dispensing system on the northwestern perimeter of the employee parking lot at the City Yard.

Currently, the liquid propane gas fueling system serves four (4) Street Sweepers and eleven (11) Propane fueled dump trucks, chipper trucks and flatbed trucks.

**ANALYSIS**

Three new propane fueled vehicles were added to the fleet in April 2011, for a total of 15 propane vehicles used full time in the Public Works daily operations. With the expansion in the number of propane vehicles, there has been a correlating increase in the use of propane gas.

Using current purchasing trends as the benchmark, staff estimates the need to increase funding to a "not to exceed" amount of \$88,000.00 in order to sustain the City's propane powered vehicles through the current PO expiration date of June 30, 2012.

LPG fuel pricing in this contract is based on pricing forecasts that are provided in a weekly report published by the Butane/Propane Newsletter (B.P.N.). The B.P.N. report is the most widely used reference for pricing in butane/propane contracts. The City and most other buyers of butane/propane fuel typically pay the B.P.N. published price for the region, plus a marketing adjustment. The price the City pays under this purchase order is the B.P.N. published price per-gallon, plus a markup of 0.18 cents per gallon.

Respectfully submitted,

  
SHERYL BALLEW  
General Services Director

Concur:

  
Robert Beste  
Public Works Director

  
LeRoy J. Jackson  
City Manager