

Council Meeting of
August 28, 2012

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

Members of the Council:

SUBJECT: General Services and Public Works – Authorize a purchase order for HD-5 Bulk Propane.

Expenditure: \$176,000

RECOMMENDATION

Recommendation of the General Services and Public Works Directors that the City Council authorize the award of a purchase order to Mutual Propane of Gardena, CA in the amount of \$88,000 per year for a period of 2 years for the purchase of HD-5 Bulk Propane on an 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.

Currently, the liquid propane gas fueling system serves a total of 15 propane vehicles used full time in the Public Works daily operations.

ANALYSIS

LPG fuel pricing 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 bid by the awarded vendor.

A formal Notice Inviting Bids (Bid #B2012-24) was issued and the City received the following bids:

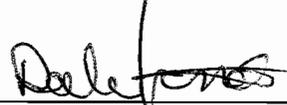
| Vendor | Marketing Adjustment (Mark-Up Price Per Gallon) | Hazardous Material Compliance Fee |
|--|---|--------------------------------------|
| *Mutual Propane Gardena, CA | \$0.20 | \$4.97 per delivery |
| Delta Liquid Energy Sylmar, CA | \$0.40 | None |
| Gas Propane Sales and Service Brea, CA | Vendor submitted a bid and left the price field blank | |

*Lowest Responsible Bidder

Respectfully submitted,

SHERYL BALLEW
GENERAL SERVICES DIRECTOR

By



Dale K. Jones
Acting Fleet Manager

Concur:



Sheryl Ballew
General Services Director



Robert Beste
Public Works Director



LeRoy J. Jackson
City Manager