

Council Meeting of
May 22, 2007

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

Members of the Council:

SUBJECT: General Services/Public Works - Approve cooperative purchasing agreement to furnish the City's Annual Requirement for Liquid Propane Gas (LPG). Expenditure: Not to exceed \$30,400.00

Ref: County of Los Angeles Bid No. 42033

RECOMMENDATION

The General Services and Public Works Directors recommend that the City Council authorize award of a cooperative purchasing agreement to Mutual Liquid Gas & Equipment Co. of Gardena, California, in an amount not to exceed \$30,400.00, to furnish the City's annual requirement for liquid propane gas (LPG). The subject purchasing agreement will be effective May 30, 2007 through May 30, 2008.

Funding

Funding for the purchase of LPG is available in the Public Works FY2006-2007 operating budget and will be available in their FY 2007-2008 budget as well.

BACKGROUND

On February 27th 2007, the City Council approved the purchase of two (2) Propane (LPG) powered Street Sweepers for the Public Works Department. Accordingly, an LPG refueling system must now be established at the City Yard in order to refuel these vehicles on a daily basis.

ANALYSIS

During 2003, the County of Los Angeles awarded a contract to Mutual Liquid Gas & Equipment Co. to furnish LPG for various county-owned vehicles. This contract is still in effect. The contract was established as a result of a competitive bid process. The County's contract includes a provision allowing other governmental agencies, including school districts, cities, special districts, and political subdivisions to "piggyback" onto the contract as a "cooperative purchase". By participating in this cooperative purchase

agreement, the City of Torrance will receive the same pricing and percentage discounts enjoyed by the County of Los Angeles.

Inclusive in the terms of the contract is the furnishing and installation of all refueling system equipment and fuel storage tank, including all necessary permits, at a total cost to the City of one dollar (\$1.00) per year.

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 will pay under this contract is the B.P.N. published price per-gallon, plus a markup of 0.145 cents per gallon.

The Torrance Municipal Code, Section 22.3.15. EXCEPTION;
COOPERATIVE PURCHASES states...

- a) "The provisions of this Article will not apply to purchases made pursuant to any cooperative governmental purchase program, which purchases will be made in accordance with such procedures and regulations as will be established by the City Manager.
- b) For the purposes of this Section, the term cooperative governmental purchase program means any combination between the City of Torrance and any other public agency or public agencies for the joint purchase of property or services."

CONCUR:

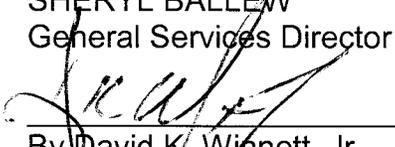

Sheryl Ballew
General Services Director


Robert Beste
Public Works Director


LeRoy J. Jackson
City Manager

Respectfully submitted,

SHERYL BALLEW
General Services Director


By David K. Winnett, Jr.
Fleet Services Manager