

## AGENDA



Thursday, August 20, 2009

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 37**

**Subject:** Authorize award and execution of a 36-month requirements supply contract with WEBBERVILLE PROPANE, INC., Manor, TX to provide liquid petroleum gas (LPG/propane) motor fuel in an estimated amount not to exceed \$2,317,000, with three 12-month extension options in estimated amounts not to exceed \$931,700 for the first extension option, \$1,024,870 for second extension option, and \$1,127,357 for the third extension option, for a total estimated contract amount not to exceed \$5,400,927.

**Amount and Source of Funding:** Funding in the amount of \$58,333 is available in the Fiscal Year 2008-2009 Operating Budget of the Financial and Administrative Services Department, Fleet Fund. Funding for the remaining 35 months of the original contract period and extension options is contingent upon available funding in future budgets

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Wilbur Jones, Buyer I, 972-4013

**Purchasing Language:** Best evaluated bid of two bids received.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for the supply of liquefied petroleum gas fuel (LPG) for approximately 220 bi-fuel vehicles in the City's fleet that are equipped to operate on either gasoline or LPG. LPG fuel is a cleaner burning fuel than gasoline. The City will reduce air emissions by using LPG in these vehicles. LPG offers an 18% reduction in CO<sub>2</sub> and a 10% reduction in NO<sub>x</sub> when compared to unleaded gasoline. Additionally, propane on average, costs approximately one-half the price of unleaded gasoline and also includes a \$0.50/gallon equivalent tax credit. The City has LPG fueling capabilities at five locations in Austin.

In addition, Fleet Services supplies LPG to the vendor at Austin-Bergstrom International Airport that provides shuttle services on airport property. In accordance with the terms of the shuttle bus services contract, the City is reimbursed for the costs of this fuel by the shuttle bus contractor. LPG powers the shuttle vans used to carry passengers to and from parking areas to the main gates.

It is estimated that the City will purchase approximately 625,000 gallons of LPG during the first year under this contract at an average unit price of \$1.09 per gallon. During subsequent years of the contract, it is expected that the City will purchase increasing amounts of LPG to provide fuel for vehicles that are being purchased or converted to bi-fuel capability at the rate of 30 to 50 per year. Each additional vehicle can be expected to use approximately 1,000 gallons of propane annually.

The price per gallon is established on a weekly basis. The City pays the index price plus the vendor's firm-fixed differential (mark-up) per gallon. The fuel index price is defined as the per-gallon price of propane as shown in the Butane Propane News' Weekly Propane Newsletter under the Mont Belvieu Average.

MBE/WBE solicited: 1/0

MBE/WBE bid: 0/0

#### PRICE ANALYSIS

- a. Adequate competition.
- b. Twenty-two notices were sent, including one MBE. There are no known WBEs available for this commodity. Two bids were received, with no response from the MBE.
- c. The pricing offered represents a 9% increase to the last contract award in January 2005.

#### APPROVAL JUSTIFICATION

- a. Best evaluated bid of two bids received. Webberville Propane, Inc. was the previous supplier of this product.
- b. The Purchasing Office concurs with Fleet Services' recommended award.
- c. Advertised in the Austin American-Statesman and on the Internet.