



Recommendation for Action

File #: 20-1402, **Agenda Item #:** 31.

3/12/2020

Posting Language

Authorize award of a multi-term contract with Webberville Propane Inc. D/B/A Direct Propane Services, to provide bulk propane motor fuel, for up to five years for a total contract amount not to exceed \$1,125,000.

(Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established).

Lead Department

Purchasing Office.

Client Department(s)

Fleet Mobility Services.

Fiscal Note

Funding in the amount of \$131,250 is available in the Fiscal Year 2019-2020 Operating Budget of Fleet Mobility Services. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Purchasing Office issued an Invitation for Bids (IFB) 7800 MMO1015 for these goods. The solicitation issued on November 25, 2019 and it closed on December 19, 2019. Of the two offers received, the recommended contractor submitted the lowest responsive offer. A complete solicitation package, including a tabulation of the bids received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=132299)
<https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=132299>.

For More Information:

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or AgendaOffice@austintexas.gov <<mailto:AgendaOffice@austintexas.gov>>

NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Marian Moore, at 512-974-2062 or Marian.Moore@austintexas.gov <<mailto:Marian.Moore@austintexas.gov>>.

Additional Backup Information:

The contract will provide bulk propane motor fuel, also referred to as liquefied petroleum gas (LPG) for approximately 320 bi-fuel vehicles and pieces of equipment in the City's fleet, capable of operating on either gasoline or LPG. LPG is a cleaner burning fuel than gasoline and the City will reduce air emissions by using LPG in these vehicles. LPG offers an 18% reduction in carbon-dioxide and a 10% reduction in nitrogen-oxides when compared to unleaded gasoline. Additionally, propane on average, costs approximately one half the

price of unleaded gasoline. Currently the City has LPG fueling capabilities at six locations in Austin.

Fleet Mobility Services also supplies LPG at Austin-Bergstrom International Airport for the shuttle services to carry passengers to and from parking areas to the main gates 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.

Pricing for this contract is based on a price differential, which is added to an industry price list to establish the LPG price per gallon on a weekly basis. The requested authorization amount is based on historical spend and allows for a small annual increase to accommodate industry price fluctuations.

The recommended contractor is the current provider for the City's propane fuel. This contract will replace a contract which expires March 23, 2020. If the City is unable to secure a contract, Fleet Mobility Services will be forced to procure the fuel on the open market, likely resulting in higher prices and higher operational costs.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	2 yrs.	\$ 450,000
Optional Extension 1	1 yr.	\$ 225,000
Optional Extension 2	1 yr.	\$ 225,000
Optional Extension 3	1 yr.	\$ 225,000
TOTAL	5 yrs.	\$1,125,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Mobility.