

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 13, 2011

Board Item: V-A-6

**Tabulation of Bids for the Purchase of Propane**

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Action by Consent

Action

Information

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Denver Water purchases propane for heating at 12 outlying facilities. On average, these outlying facilities use approximately 70,000 gallons of propane per year. Bidders were encouraged to bid on areas which they regularly service and were not required to bid on all locations in order to create more interest in the bid. Pricing options were requested for a one-year, firm, fixed price per gallon and a base price per gallon plus market adjustment within a review period.

Requests for Proposals were sent electronically via Rocky Mountain E-Purchasing System to 12 potential bidders and faxed to 10 SBE organizations. Thirty-three additional potential bidders were notified by email. Denver Water received two responses, neither of which were SBE. The proposal from Ferrellgas was determined to be in the best interest of Denver Water; Ferrellgas was the only company that responded to serve all locations. The base price for both proposals is \$1.95 per gallon and is 19.6% higher than last year.

Price per gallon is based on the Conoco Denver Wholesale Propane cost of \$1.42 + \$0.53 (flat markup) and will be reviewed monthly. If the Conoco Denver Wholesale Propane price should escalate or de-escalate more than 15% from the initial Conoco Denver Wholesale cost of \$1.42, the price per gallon will be changed accordingly (\$0.53 per gallon will be added to the updated Wholesale Propane cost).

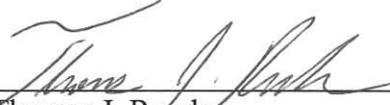
Funds for this expenditure are included within the Budget Category of "Storage Reservoirs". Funds are included in the 2011 budget and will be allocated in the 2012 budget.

Recommendation:

It is recommended the Board award Contract No. 13494A to Ferrellgas, to furnish propane for the contract period July 1, 2011 through June 30, 2012, for a total contract amount not to exceed \$135,000.00.

**Approvals:**

Respectfully submitted,

  
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Thomas J. Roode  
Director of Operations and Maintenance

  
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James S. Lochhead, CEO/Manager

  
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Angela C. Bricmont  
Director of Finance