

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: June 25, 2014

Board Item: II-A-4

**Propane Delivery Service for Outlying SOS Facilities
Contract # 15398A/B**

Action by Consent

Action

Information

Denver Water uses liquid propane to heat 12 of its Source of Supply (SOS) outlying facilities; historically, the total annual usage for these facilities has averaged 70,000 gallons. However, beginning this year there will be an increase to the required contract funds because propane delivery to 21 caretaker residences at each of these SOS facilities will be included on the contract. Total estimated annual propane usage, including these caretaker residences, is 84,000 gallons.

The RFP was sent to 14 potential contractors to deliver and furnish propane to the 12 SOS facilities and 21 caretaker residences. Denver Water received two responses, one of which is from a SBE. The RFP was divided into three regions, each representing a geographic area where SOS facilities are located. Denver Water received two responses, which were evaluated based on several criteria including price, ability to service the remote facilities, and past business performance as demonstrated through contracts with Denver Water. The propane price per gallon will be comprised of a *Butane-Propane News* price component, which will fluctuate weekly, plus a fixed overhead and profit component.

Funds for propane are included in the 2014 budget under MPC 4AN0001 and will be included in the 2015 and 2016 budgets under MPC 4AN0001 and 4AO0001.

Recommendation:

It is recommended that the Board approve Contract No. 15398A to Ferrellgas, Inc. and Contract No. 15398B to Independent Gas Company, for propane for the outlying SOS facilities and caretaker residences, for the term July 1, 2014 through June 30, 2016, for total amounts not to exceed \$190,000.00 and \$110,000.00, respectively.

Approvals:

Respectfully submitted,



Thomas J. Roode
Director of Operations and Maintenance



James S. Lochhead
CEO/Manager



Terri Bryant
Controller