

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 14, 2010

Board Item: V-A-13

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

Action by Consent

Action

Information

Proposal No. 13061A

Opened 07/08/10

Denver Water purchases propane for heating at its outlying facilities. On average, these outlying facilities use approximately 70,000 gallons of propane per year. The facilities were broken up into four geographic areas to encourage bidders to bid on areas which they service and could be price competitive. Pricing options were requested for both prepaid fixed price and a variable cost price based on time of delivery.

Requests for bids were sent to twenty-four potential bidders and faxed to eight SBE organizations. Denver Water received a total of one response. The fixed bid price submitted Ferrellgas is approximately 11% higher than the previous contract with Ferrellgas.

It was determined that the fixed price option would be in the best interest of Denver Water. The prepaid fixed price is \$1.63 per gallon. The variable price will be adjusted daily to reflect the wholesale price at time of delivery. As of July 6, 2010, the price is \$1.51 per gallon. The difference is \$0.12 per gallon. There are no additional charges for either option for hazardous material or fuel surcharges for the length of the contract. Another consideration for prepaying is there will be substantially less invoices, receipts and checks to process during the contract period.

Funds for this expenditure are included within Storage Reservoirs (4AN0001) and Gravel Pit Storage (4AN0005) which encompasses the costs related to propane heating. The total amount budgeted for 2010 in these MPCS is \$359,323.76. There is \$247,362.25 available.

Recommendation:

It is recommended the Board award Contract No. 13061A to Ferrellgas, to furnish propane for the contract period July 1, 2010 through June 30, 2011, for a total contract amount not to exceed \$ 120,000.00.

Respectfully submitted,



James S. Lochhead, CEO/Manager

INITIATED BY:



Usha Sharma  
Acting Director of Finance



Brian Good  
Director of Oper. & Maint.