



City of San Antonio

Agenda Memorandum

File Number: 13-1160

Agenda Item Number: 5.

Agenda Date: 1/16/2014

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

HD-5 Propane Motor Fuel

SUMMARY:

This ordinance authorizes an Integration Agreement with Pinnacle Propane, LLC, to provide the Building and Equipment Services Department and other various City departments with HD-5 Propane Motor Fuel for use by approximately 138 propane-powered vehicles and equipment for an estimated annual cost of \$122,000.00.

This ordinance also authorizes an Interlocal Agreement with VIA Metropolitan Transit, by which the City will acquire the right to use the competitively procured contract between VIA and Pinnacle Propane, LLC.

BACKGROUND INFORMATION:

Submitted for City Council consideration and action is the offer submitted by Pinnacle Propane, LLC to provide the BES and other various City departments with HD-5 Propane Motor Fuel via a cooperative contract with VIA Metropolitan Transit (VIA).

The City currently has three 18,000 gallon storage/dispensing facilities located in various sections of the city which are used to refuel approximately 138 propane-powered vehicles and equipment within the City's fleet. This purchase will provide HD-5 Propane Motor Fuel to support fueling needs for propane-powered vehicles and equipment which contribute to the delivery of City services.

The City and VIA previously entered into an Interlocal Agreement for Fuel Purchasing on October 21, 2010 under which VIA provided the City access to their agreement allowing the City to purchase HD-5 propane

motor fuel. The City and Ferrell North America entered into an Integration Agreement for HD-5 Propane Motor Fuel on October 21, 2010 which expired on August 31, 2013.

ISSUE:

After completing a competitive invitation for bid issued on July 18, 2013, VIA entered into an agreement with Pinnacle Propane, LLC on October 22, 2013 for the delivery of HD-5 propane motor fuel for an initial term beginning November 1, 2013 and ending October 31, 2016 with a renewal option for two additional one - year periods.

VIA has authorized use of its competitively procured contracts for the City of San Antonio. The Interlocal Cooperation Act, Chapter 791, Texas Government Code permits local governmental entities to enter into intergovernmental agreements for the performance of governmental functions, including administrative functions, such as purchasing, in order to promote efficiencies and effectiveness. The Interlocal Agreement satisfies Texas laws on competitive bidding.

The Small Business Economic Development Advocacy Ordinance requirements were waived due to the lack of qualified SMWBE's available to provide the goods and services.

The recommended award is an exception to the Local Preference Program.

ALTERNATIVES:

Should this contract not be approved, the Building and Equipment Services Department and other various City departments will be required to procure HD-5 Propane Motor Fuel on as needed basis, wherein increasing cost due to non-contract buying could be realized. This may hinder efficient delivery and supply of fuel, thus compromising timely delivery of essential services to the residents of San Antonio.

FISCAL IMPACT:

The purchase of the HD-5 Propane Motor Fuel is for an estimated annual cost of \$122,000.00. All expenditures will be in accordance with the Building and Equipment Services Department's adopted budget approved by City Council. Purchases made by the Building and Equipment Services Department are as needed and dependent upon available funds within their adopted budget.

RECOMMENDATION:

Staff recommends approval of Interlocal Agreement with VIA Metropolitan Transit and the Integration Agreement with Pinnacle Propane, LLC to purchase HD-5 Propane Fuel for an estimated annual cost of \$122,000.00. This contract was procured on the basis of cooperative purchasing and a Contracts Disclosure form is not required.