



**Storey County Board of County  
Commissioners  
Agenda Action Report**

**Meeting date:** 6/1/2021 10:00 AM -  
**BOCC Meeting**

**Estimate of Time Required:** 30 min

**Agenda Item Type:** Discussion/Possible Action

- **Title:** Consideration and possible approval to award a contract to the successful bidder for propane fuel delivery service to county tanks in accordance with the submitted bids.
- **Recommended motion:** I (Commissioner) move to award the contract for propane fuel delivery and authorize the County Manager to execute an agreement with (provider) for the delivery of propane fuel to county tanks.
- **Prepared by:** Mike Northan

**Department:**                      **Contact Number:** 775-335-6991

- **Staff Summary:** Staff recommends contract be awarded to Comstock Propane.
- **Supporting Materials:** See attached
- **Fiscal Impact:**
- **Legal review required:** False
- **Reviewed by:**

\_\_\_\_\_ Department Head

**Department Name:**

\_\_\_\_\_ County Manager

**Other Agency Review:** \_\_\_\_\_

- **Board Action:**

<input type="checkbox"/> Approved	<input type="checkbox"/> Approved with Modification
<input type="checkbox"/> Denied	<input type="checkbox"/> Continued

## 2021 Propane Delivery Bid

April 28 2021

### Background:

The county's existing propane fuel delivery contract is at the end of its term. The current company under contract is Ferrellgas. The county has had some issues with Ferrellgas but overall, the service was adequate.

The county solicited quotes for propane delivery and publicly advertised the contract opportunity. We had multiple inquiries and four companies submitted sealed bids. The last time we went out to bid for this service, we had only one respondent. We contacted several smaller companies and asked why they were not bidding on our contract. We determined that several factors were limiting their competitiveness and therefore their incentive to participate.

For this bid, we made some changes to the terms and conditions that increased the incentive for smaller companies to participate and to enhance the service that the prospective companies will be required to provide as a part of this contract.

We extended the contract time to three years from one year. This allows smaller companies to attempt to recover their investment of installing up to forty tanks at county locations. The contract is extendable by mutual agreement for additional one-year terms.

We granted a time period of sixty days to change out all the tanks county-wide, during the summer months, with a provision that requires temporary tanks for inclement, out-of-season weather. The county buildings shall not be without propane service at any time.

We imposed a \$1000.00 fine for any tank run-dry event. Running out of propane during the winter months can be a serious problem and this fine is intended to provide a strong incentive to prevent that.

We specified Targa San Francisco as the baseline rack rate as published weekly in the BPN Newsletter. This levels the playing field for all companies to peg their propane base rate to a regional distributor for the central west coast.

We requested a schedule of tank prices so that the county can plan for purchasing tanks (rather than renting them). If the county owns the tanks, this makes us much more agile in selecting services or discharging a company for cause and re-engaging with another provider. The idea here is that the county purchase ten tanks per year (in consultation with Buildings and Grounds Division) to spread out the cost impact of this purchase.

We also solicited prices for installation of seismic valves at all county buildings. Only one bidder submitted a price for those so we may pursue that as a separate contract under "plumbing" rather than on the supply side.

As a result of these changes, we had four companies that submitted responsive bids.

**Bid Results:**

Please see the attached bid tabulation.

The county received sealed bids until 2:00 PDT on April 27, 2021. At that time, bids were opened and publicly read aloud. The Director of Public Works and the Operations and Projects Coordinator were present. All bids were found to be responsive.

**Staff analysis and recommendation:**

Staff determined that Comstock Propane is the apparent low bidder with a price-per-gallon (PPG) rate of Targa rack rate plus \$0.25 per gallon, a PPG for county employees of Targa rack rate plus \$0.50 per gallon, and a PPG for Storey County residents of Targa rack rate plus \$0.90 per gallon. The tank rental rate is \$1.00 per tank per year (about \$40.00 per year).

This is a substantial savings over the current average for residents of about \$1.50 over rack rate. The county itself is a substantial consumer of propane, and the rate of \$0.25 per gallon is a substantial savings over the current \$0.40 per gallon under our current contract.

Another factor here is responsiveness. Both Comstock Propane and High Sierra Propane have facilities located in the area. Both companies seem to have a good track record of being responsive to customers.

The prices for tanks for purchase were very similar and those costs are driven more by steel availability and the tank fabricators than the propane suppliers.

Tank rental rates were similar in that two companies offered \$1.00 per tank per year and two companies offered \$0.00 per year.

With all these factors taken into consideration, both Comstock Propane and High Sierra Propane are good candidates for the award of this contract. Comstock edges out Ferrellgas with a slightly lower per-gallon pricing.

Staff recommends award of the contract to Comstock Propane.

## BID TABULATION SHEET

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