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**Addendum #1**  
**ITB # 03-24, Sale of CGS Propane Division**  
**October 31, 2023**

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**NOTICE IS HEREBY GIVEN** that the following addendum serves to provide clarification and to answer the questions received on ITB # 03-24, Sale of CGS Propane Division.

Question 1: Revenues are listed on the valuation as \$1,755,000. How is this number calculated? What is breakdown of the following revenue streams?

- Propane Revenue
- Tank Rental Revenue
- Are there any delivery fees charged to customer?
- Service Revenue

**Answer to Question 1: Reference Exhibit A – CGS Business Valuation FINAL\_06.30.23, section 4.3. Income Approach.**

Question 2: How is AR and liquid inventories being handled at the closing?

**Answer to Question 2: All accounts receivable will be made available at closing. Clearwater Gas System (CGS) will drain down the three (3) 30,000 propane supply tanks to a 1% level, then will flare off remaining liquid inventory prior to new owner transporting tanks to new location. All ASME propane tanks will be flared off by CGS, for new owner to transfer off site.**

Question 3: What is the current employee count serving the propane customers?

- Number of Drivers?
- Number of Techs?
- Number of Customer Service Reps?

**Answer to Question 3: CGS has two (2) drivers, six (6) technicians, and one (1) customer service representative.**

Question 4: Of the 10 metered systems, how many qualify as jurisdictional systems under the Federal DOT Guidelines?

**Answer to Question 4: CGS currently has three (3) jurisdictional LP loop/metered systems.**

Question 5: What is the current Point of Sale software systems used? This can include the following.

- Routing
- Service
- Billing
- Customer Payments

**Answer to Question 5: CGS utilizes suburban program for routing and Cayenta Utility Management System (USM) for service, billing, and customer payments.**



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**Question 6:** Once the bid is awarded, what is the due diligence period?

- If so, what type of items will be accessible?
  - Customer files
  - Field installations, etc.

**Answer to Question 6:** CGS customer files to include Request for Gas Service (RGS) agreements, drop/pressure test, fill history, and inventory information will be accessible and available for verification.

Upon Clearwater City Council's authorization, CGS will allow up to two (2) months for new owner to take over 100% of the Propane operations and customer base to include all assets and equipment. The only exception will be for the 30,000-gallon Propane tanks which CGS will allow one (1) year for removal.

All pending or scheduled installation work will be performed by CGS employees during the two (2) month "due diligence" period. Once that period is over, it will be the responsibility of the new owner to complete all field work at customer locations.

**Question 7:** Regarding the final contract, which entity is handling this?

- Will there be an indemnity and Non-compete portion within the contract?

**Answer to Question 7:** Refer to **STANDARD TERMS AND CONDITIONS, S.25 INDEMNIFICATION/LIABILITY, page 11-12 of the solicitation. A non-compete clause will NOT be included in the Sale Agreement.**

**Question 8:** Are there Agreements on file for each of the customers?

**Answer to Question 8:** CGS billing system, Cayenta Utility Management System (UMS), captures approximately 70% of the Request for Gas Service and Appliance pressure test documentation. All other records are in hard-copy format and will be made available for new owner to review and make necessary copies as needed.

*End of Questions and Answers*

All other dates and terms and conditions remain the same in this Invitation to Bid.

*End of Addenda*