



CITY COUNCIL COMMUNICATION

January 13, 2009

SUBJECT: Renewal - Bulk Gasoline and Diesel Fuel Contract
SUBMITTED BY: Kyle McAdams, Fleet & Facility Administrator
REFERENCE NO: City of Fort Worth / Fuel Contract

ACTION REQUESTED:

Request approval to enter into a joint purchase agreement with the City of Fort Worth for various types of automotive and equipment fuels. The supplier under this contract will be Martin-Eagle Oil Company, Denton, Texas.

ALTERNATIVES:

- Reject proposal
- Rebid contract

SUMMARY OF SUBJECT:

This request will be for approval to enter into a joint purchase agreement with the City of Fort Worth for various types of automotive and equipment fuels. The supplier will be Martin-Eagle Oil Company, Denton, Texas. This agreement will be for one (1) year with the option to renew for four (4) additional one year terms. There are a total of 26 public entities that are served by this contract. The items that may be purchased through this agreement will be reformulated unleaded gasoline, red dyed off-road usage diesel fuels, E85 Ethanol, and B5/B10 Bio-Diesel fuel. The primary fuels that the city will be purchasing will be reformulated gasoline and red-dyed diesel fuels.

Charges will be an average mark down of \$0.0263 per gallon regular unleaded and \$0.0237 per gallon diesel per transport load (4,000 gallons or greater). Bobtail deliveries (3,999 gallons or less) will be charged at a mark down of \$0.0163 for unleaded and \$0.0163 for diesel. The Texas Railroad Commission allows a delivery fee per load of up to \$50.00 for off-load pumping into above ground storage tanks. All fuel pricing will be based on OPIS (Organization of Petroleum Information Services) daily average net cost per gallon of fuel on the day ordered including dealer markup or mark down plus any federal superfund fees.

The city is exempt from Federal Tax on gasoline and diesel. State tax on diesel is calculated for on-road usage only and is paid on a quarterly basis.

FINANCIAL CONSIDERATIONS:

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| Revenue Sources: | Annual budgeted monies |
| Expenditure Accounts: | Unleaded Fuel: 504-5090-519.62-61 Diesel Fuel: 504-5090-519.62-62 One-Time Monies: 504-5090-519-74-99 |
| Budgeted Fiscal Year(s): | Unleaded Fuel: \$336,000.00 Diesel Fuel: \$113,400.00 One-Time Monies: \$150,000.00 |
| Estimated Expenditure: | Unleaded Fuel: \$336,000.00 Diesel Fuel: \$113,400.00 One-Time Monies: \$0.00 |
| Total Expenditure: | |
| <u>Over/Under</u> Projection By: | \$150,000.00 |
| Other Comments: | The One-Times monies listed were added to the Service Center FY2009 budget as a result of the past years increase in fuel cost. With the recent decrease in the cost of these goods the monies allocated are not planned to be expended. We will continue to monitor these commodities closely for any change. |

SUPPORTING DOCUMENTS:

- Bid Tabulation

APPROVED BY:

_____ **GM** _____

City Manager's Office

_____ **SC** _____

City Secretary's Office