



CITY COUNCIL COMMUNICATION

January 25, 2011

SUBJECT: Bulk Gasoline and Diesel Fuel Contract
SUBMITTED BY: Kyle McAdams, Fleet & Facility Administrator
REFERENCE NO: Tarrant County / Fuel Contract Renewal

ACTION REQUESTED:

Request approval to renew joint purchase agreement with Tarrant County for various types of automotive and equipment fuels. The supplier under this contract will be Martin-Eagle Oil Company, Inc., Denton, Texas.

ALTERNATIVES:

- Reject proposal
- Bid contract

SUMMARY OF SUBJECT:

This request will be for the renewal of a joint purchase agreement with Tarrant County for various types of automotive and equipment fuels. The supplier will be Martin-Eagle Oil Company, Inc., Denton, Texas. This renewal will be for the second year of a five (5) year renewal option. There are a number of public entities that are served by this contract within a four (4) county area. This agreement does not have provisions for administrative or service fees. Staff has been pleased with the service provided by the contracted vendor. The items that may be purchase though 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 \$0.0242 per gallon regular unleaded and a mark-up of \$0.0243 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 \$0.0142 for unleaded and mark-up of \$0.0543 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:

Revenue Sources:	Annual budgeted monies
Expenditure Accounts:	Unleaded Fuel: 504-5090-519.62-61 Diesel Fuel: 504-5090-519.62-62
Budgeted Fiscal Year(s):	Unleaded Fuel: \$235,000 Diesel Fuel: \$113,400
Estimated Expenditure:	Unleaded Fuel: \$235,000 Diesel Fuel: \$113,400
Over/Under Projection By:	\$0
Other Comments:	Fleet Services we will continue to monitor these commodities closely for any price fluctuations.

SUPPORTING DOCUMENTS:

- Renewal Letter: Tarrant County
- Renewal Letter: Martin Eagle Oil Company, Inc.

APPROVED BY:

_____ CB _____	City Manager's Office
_____ KS _____	City Secretary's Office