



CITY COUNCIL COMMUNICATION

January 24, 2012

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

ACTION REQUESTED:

Consider authorizing the purchase of various types of automotive and equipment fuel from Douglass Distributing Company through an Interlocal Purchasing Agreement with Tarrant County.

ALTERNATIVES:

- Do not approve
- Re-bid

SUMMARY OF SUBJECT:

The City currently purchases fuel from Martin-Eagle Oil Company through an existing Interlocal Purchasing Agreement with Tarrant County. Martin-Eagle Oil has advised Tarrant County that they intend to exercise their right to cancel the contract upon thirty days written notice.

Tarrant County Commissioners Court took action on January 17, 2012 to change the primary vendor to Douglass Distributing Company, the next lowest bidder.

The current contract will be in effect until April 6, 2012. There are four (4) remaining one (1) year renewal periods under the contract.

There are a number of public entities that are served by this contract within a four (4) county area. The items that may be purchase though this agreement are reformulated unleaded gasoline, red dyed off-road usage diesel fuels, E85 Ethanol, and B5/B10/B20 Bio-Diesel fuel. The primary fuels that the city purchases are reformulated gasoline, red-dyed diesel and Bio-Diesel fuels.

Charges will be an average mark down of \$0.0100 per gallon regular unleaded and a mark-up of \$0.0125 per gallon diesel per transport load (4,000 gallons or greater).

Bobtail deliveries (3,999 gallons or less) will be charged at a mark-up of \$0.0100 for unleaded and mark-up of \$0.0225 for diesel. 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: | 504-5090-519.62-61 | Unleaded Fuel |
| | 504-5090-519.62-62 | Diesel Fuel |
| Budgeted Fiscal Year(s): | \$235,000.00 | Unleaded Fuel |
| | \$113,400.00 | Diesel Fuel |
| Estimated Expenditure: | \$235,000.00 | Unleaded Fuel |
| | \$113,400.00 | Diesel Fuel |
| Over/Under Projection By: | \$ | 0.00 |

Other Comments:

SUPPORTING DOCUMENTS:

- Tarrant County Commissioners Court Communication
- Tarrant County Purchasing Bid Tabulation
- Letter: Martin-Eagle Oil Company, Inc.
- Letter: Tarrant County regarding Douglass Distributing

APPROVED BY:

_____ **LG** _____ City Manager's Office

_____ **HH** _____ City Secretary's Office