



CITY COUNCIL COMMUNICATION

March 25, 2014

SUBJECT: Bulk Gasoline and Diesel Fuel Contract
SUBMITTED BY: Kyle McAdams, Fleet & Facility Administrator
REFERENCE NO: Tarrant County – Annual Contract for Motor Fuels

ACTION REQUESTED:

Consider authorizing the purchase of various types of automotive and equipment fuel through an inter-local purchasing agreement with Tarrant County. Martin-Eagle Oil Company will be the primary supplier of gasoline and diesel, and TAC Energy the secondary supplier. Douglass Distributing will be the primary supplier of bio-diesel fuels and Martin-Eagle Oil Company the secondary supplier.

ALTERNATIVES:

- Re-Bid through the City's Purchasing Department
- Table the request
- Deny the request

SUMMARY OF SUBJECT:

The City is one of 23 public entities within a four (4) county area that currently purchases fuel through an inter-local purchasing agreement with Tarrant County. Tarrant County's current fuel contract expires on April 6, 2014. The county solicited bids from eighty-eight (88) vendors. Five (5) bids were received.

Tarrant County Commissioners Court took action on March 18, 2014 to award the primary contract for gasoline and diesel fuels for a twelve (12) month period to Martin-Eagle Oil Company with TAC Energy as the secondary supplier. Douglass Distributing was awarded the primary supplier for B10/B20 bio-diesel fuels, and Martin-Eagle as the secondary supplier.

This agreement will be for twelve (12) months with the option to renew for three (3) additional twelve (12) month periods.

Charges will be an average mark-up of \$0.0187 per gallon regular unleaded and a mark-up of \$0.0163 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 \$0.0387 for unleaded and mark-up of \$0.0263 for diesel. Bio-diesel fuels will be an average mark-

up of \$0.0800 for bobtail deliveries (3,999 gallons or less), and a mark-up of \$0.0600 for transport loads (4,000 gallons or greater). The city currently utilizes a B10 bio-diesel blend (10% Soy based, and 80% low sulfur 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 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 monthly basis.

FINANCIAL CONSIDERATIONS:

| | | |
|---------------------------|------------------|--------------------|
| Revenue Sources: | Annual Budget | |
| Expenditure Accounts: | Unleaded Fuel: | 504-5090-519.62-61 |
| | Diesel Fuel: | 504-5090-519.62-62 |
| | Bio-Diesel Fuel: | 504-5090-519.62-64 |
| Budgeted Fiscal Year(s): | FY 2013-2014 | |
| Budgeted Expenditure: | Unleaded Fuel: | \$235,000 |
| | Diesel Fuel: | \$113,400 |
| | Bio-Diesel Fuel: | \$ 12,000 |
| Estimated Expenditure: | Unleaded Fuel: | \$235,000 |
| | Diesel Fuel: | \$113,400 |
| | Bio-Diesel Fuel: | \$ 12,000 |
| Over/Under Projection By: | \$0 | |
| Other Comments: | | |

SUPPORTING DOCUMENTS:

- Tarrant County Commissioners Court Communications
- Tarrant County Purchasing Bid Tabulation

APPROVED BY:

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

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