



Legislation Text

File #: 18-618, Version: 1

TO: Mayor and Commissioners
FROM: Susan Goebel-Canning, Public Works Director
THROUGH: Mark R. Lauzier, City Manager
DATE: October 2, 2018

APPROVAL OF AMENDMENT NO. 1 TO THE PURCHASE AND DELIVERY OF BULK GASOLINE AND DIESEL FUEL AGREEMENTS WITH MACMILLAN OIL COMPANY, INC. AND PETROLEUM TRADERS CORPORATION TO REVISE THE CONTRACT VALUE LANGUAGE IN THE AGREEMENTS AND INCREASE THE APPROVED NOT-TO-EXCEED CONTRACT VALUE BY \$400,000 THROUGH JUNE 6, 2020

Recommended Action:

Motion to approve Amendment No. 1 to the Purchase and Delivery of Bulk Gasoline and Diesel Fuel Agreements with Macmillan Oil Company, Inc. and Petroleum Traders Corporation to revise the contract value language in the Agreements and increase the approved not-to-exceed contract value by \$400,000 through June 6, 2020.

Background:

On June 6, 2017, the City of Delray Beach (City) Commission approved a contract award to Macmillan Oil Company, LLC (Macmillan) and Petroleum Traders Corporation (PTC) for the purchase and delivery of gasoline and diesel fuel pursuant to ITB No. 2017-047 in a total amount not-to-exceed \$3,000,000 through June 6, 2020 (Agreement). The original approval stated a maximum annual amount the City could spend per contractor, which was \$740,000 for Macmillan and \$240,000 for PTC. To align with the City's current procedures, staff requests approval of Amendment No. 1 to remove the contract value language in the Agreements. This will allow the City to purchase fuel from either contractor up to the total approved contract value rather than having a spending limit by contractor and year.

Staff recently reassessed the City's fuel needs and now estimates a higher usage than originally forecasted. A breakdown of estimated gallon usage, by user department, is below. A contingency is also requested to allow for fuel price fluctuations. Therefore, in addition to revising the contract value from the Agreements, staff requests to increase the approved not-to-exceed contract value by \$400,000 through June 6, 2020. This increase, if approved, will increase the three-year contract value from \$3,000,000 to \$3,400,000.

- Fleet Division of the Public Works Department (includes fuel for Police, Fire, and other vehicles used in the field) - 299,000 gallons of gasoline; 91,000 gallons of diesel fuel
- Utilities Department (for generators) - 12,000 gallons of diesel fuel
- Parks and Recreation (for generators and golf carts at golf courses) - 15,000 gallons of gasoline; 6,000 gallons of diesel fuel

The City's contracted fuel prices as of the beginning of August 2018 for gasoline and diesel fuel were \$2.46 and \$2.60 per gallon, respectively. Fuel prices are charged to the City using a surcharge over (or under) the DTN FastRacks Average Price and are subject to applicable fuel taxes.

This motion is in accordance with the City Code of Ordinances, Section 36 and City Policies and Procedures, Change Orders and Amendments.

Attachments:

1. Amendment No. 1 with Macmillan, vendor executed
2. Amendment No. 1 with PTC, vendor executed
3. Legal Review Checklist for Macmillan
4. Legal Review Checklist for PTC
5. Original Agreement with Macmillan
6. Original Agreement with PTC

City Attorney Review:

Approved as to form and legal sufficiency.

Funding Source/Financial Impact:

Funding is available from 501-43-000-549.52-13 - Operating Supplies C G Inventory -Fuel.