



## Legislation Text

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File #: 17-469, Version: 1

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**TO:** Mayor and Commissioners  
**FROM:** Dale S. Sugerman, Ph.D., Assistant City Manager  
**THROUGH:** Neal de Jesus, Interim City Manager  
**DATE:** June 6, 2017

AWARD OF THREE-YEAR AGREEMENTS TO MACMILLAN OIL COMPANY, INC. IN AN ANNUAL NOT-TO-EXCEED AMOUNT OF \$760,000 AND PETROLEUM TRADERS CORPORATION IN AN ANNUAL NOT-TO-EXCEED AMOUNT OF \$240,000 FOR GASOLINE AND DIESEL FUEL

**Recommended Action:**

Motion to Award three-year Agreements for routine and emergency deliveries of gasoline and diesel fuel to Macmillan Oil Company, Inc. as the primary supplier in an amount annual not-to-exceed \$760,000 and Petroleum Traders Corporation as the secondary supplier in an amount not-to-exceed \$240,000 annually.

**Background:**

On March 21, 2017, an Invitation to Bid, No. 2017-047 for Bulk Gasoline and Diesel Fuel was advertised. Six responsive and responsible bids were received from Indigo Energy Partners, Macmillan Oil Company, Mansfield Oil Company of Gainesville, Petroleum Traders Corporation, Pro Energy and RKA Petroleum Companies. MacMillian Oil and Petroleum Traders were the two lowest bidders.

The bid quantities were based upon usage estimates for fuel for routine operational requirements for both transport and tank wagon deliveries. Due to the volatile nature of fuel pricing, Bidders were instructed to submit the amount to be added to, or subtracted from, the DTN FastRacks Average Price for fuel that is published daily by Schneider Electric and to utilize the fuel terminal in closest proximity to the City. Fuel usage for the past three years is as follows:

<b>Gasoline</b>	<b>Gallons</b>	<b>Spend</b>
5/2014-5/2015 Usage	298,392	\$882,480
5/2015-5/2016 Usage	298,039	\$639,558
5/2016-5/2017 Usage	295,171	\$653,508

<b>Diesel</b>	<b>Gallons</b>	<b>Spend</b>
5/2014-5/2015 Usage	95,285	\$313,149
5/2015-5/2016 Usage	94,244	\$201,360
5/2016-5/2017 Usage	92,910	\$211,149

The agreements also include provisions for the purchase of fuel in emergency situations such as a hurricane. Currently, the City seeks fuel from local gas stations during emergency situations. However, this method is an unreliable source of fuel and makes tracking of purchases for FEMA

reimbursements challenging. Because emergency quantities cannot easily be quantified due to the unknown circumstances that would be encountered, a contingency for additional purchases of fuel in the event of any emergencies has been included in the requested amounts. Staff is requesting approval of agreements with the two lowest Bidders for continuity of supply, particularly during any emergency situation; an agreement with Macmillan Oil Company as the primary fuel supplier in an annual amount not-to-exceed \$760, 000 and an agreement with Petroleum Traders Corporation as the secondary fuel supplier in an annual not-to-exceed amount of \$240,000. Neither MacMillan Oil Company or Petroleum Traders Corporation will charge the City any other fees such as delivery or demurrage.

This recommendation complies with the City Code of Ordinances Section 36.02 (A)(1), "*Competitive Bids*".

**City Attorney Review:**

Approved as to form and legal sufficiency.

**Finance Department Review:**

Finance recommends approval.

**Funding Source:**

Funding is available from account number 501-3311-591.52-51 (Central Garage Fund: Central Garage Inventory-Fuel).