



Legislation Text

File #: 23-0278, Version: 1

**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Approve the award of Bid 23-046, Fuel Delivery - Motor Fuel & Tank Wagon, to Luke Oil Company, Inc and Al Warren for an amount not to exceed \$1,772,166.55 and for a one-year term

**DEPARTMENT:** Department of Public Works

**SUBMITTED BY:** Richard Dublinski, Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

The Department of Public Works-Fleet Services Division manages the fuel supply for the City's fleet and generators. Through an intergovernmental agreement, the City also supplies fuel to School Districts 203 and 204, Nichols Library and Naper Settlement. These agencies are billed monthly for their usage plus an administrative fee for the use of the City's fueling equipment.

In the past, staff released two separate bids for bulk motor fuel and tank wagon delivery to the City's above ground and generator sites. To improve efficiency and increase the potential bidder pool, staff combined the two separate bids into one bid with two award categories.

Because fuel prices vary daily the contract pricing was based on the Oil Price Information Service (OPIS) daily Chicago market gross low rack rate price for fuel plus a bid mark-up. Prices will fluctuate with OPIS price, plus applicable taxes. The mark-up will remain constant throughout the contract period.

**DISCUSSION:**

Advertisement Date:	February 17, 2023	Notices Sent:	148
Opening Date:	March 3, 2023	Planholders:	14
		Proposals Received:	7

Bids were received from the following vendors:

Vendor Name	Category 1 Proposed Cost	Category 2 Proposed Cost
Luke Oil Company, Inc	\$1,517,393.25	N/A
Petroleum Traders Corporation	\$1,533,829.50	N/A

<b>Al Warren</b>	\$1,533,862	<b>\$254,771.30</b>
Mansfield Oil Company of Gainsville, Inc	\$1,539,578.25	N/A
Offen Petroleum	\$1,545,905.75	\$251,342.55
Arneson	\$2,030,274.50	\$424,224.30
Feece Oil Company	N/A	\$256,873.80

Luke Oil was determined to be the lowest responsive and responsible bidder for Category 1: Bulk Motor Fuel Supply and Delivery. Offen Petroleum wrote in a delivery fee for tank wagon deliveries that they did not account for in their Total Base Bid. Al Warren was determined to be the lowest responsive and responsible bidder for Category 2: Tank wagon Fuel Deliveries.

Staff recommends awarding contracts to the two vendors based on their total base bid amount for each category.

The term of this contract is one-year from April 1, 2023 through March 31, 2024 with four one-year options to extend.

**FISCAL IMPACT:**

CIP#: N/A

Fuel delivery services are expensed to the Fuel account listed below. A total of \$1,675,660 is budgeted for fuel in 2023. The requested award of \$1,772,166.55 exceeds the budgeted amount for this expense by \$96,505.55. The General Fund will be able to cover the cost of this award due to underspending in other areas across the fund. The 2024 budget will be adjusted based on the new bid pricing.

Account Number	Fund Description	Total Budget Amount
31351100-541403	General Fund	\$1,675,660