



Legislation Details (With Text)

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Title: Approve the award of Bid 18-025, Motor Fuel, to Luke Oil for an amount not to exceed \$1,960,840.50 and for an 18-month term

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
6/19/2018	1	City Council	approved	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Bid 18-025, Motor Fuel, to Luke Oil for an amount not to exceed \$1,960,840.50 and for an 18-month 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. Fleet vehicles are used by all departments and consume approximately 320,000 gallons of regular unleaded gasoline and 210,000 gallons of diesel motor fuel per year. It is noted that the consumption totals above include fuel provided to other governmental agencies such as 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 our fueling equipment.

The City currently has two contracts for fuel. The motor fuel tank wagon contract covers the supply of fuel for the city's above ground tanks. This contract was awarded to Heritage FS for an amount not to exceed \$599,053.80 over a three-year term. This contract is for fuel received for underground storage tanks.

Because fuel prices vary on a daily basis, contract pricing is based on the *Oil Price Information Service* (OPIS) daily Chicago market gross low rack rate price for fuel plus a bid mark-up. Contract award is based on lowest overall mark-up. Prices paid will change with the OPIS price, plus

applicable taxes. The mark-up will remain the same throughout the contract period. For purposes of bid comparison and award amount calculation, staff provided the OPIS price as reported on May 16, 2018.

DISCUSSION:

Advertisement Date:	05/17/18	Notices Sent:	52
Opening Date:	06/04/18	Planholders:	8
		Bids Received:	5

The following bids were received:

Company Name	Total Base Bid
Luke Oil Co, Inc	\$1,307,227
Gas Depot Oil Co.	\$1,313,988
Petroleum Traders Corporation	\$1,314,286
Mansfield Oil Co of Gainesville, Inc	\$1,315,722
RKO Petroleum Companies Inc	\$1,333,878

Although the market has seen an increase in the price of fuel, the City has received favorable pricing with respect to the vendor delivery mark-ups. Luke Oil Company submitted the lowest total bid based upon estimated annual quantities. The bid included a negative mark-up for regular unleaded gasoline, decreasing from -\$0.0030 to -\$0.0050 per gallon. In addition, the mark-up per gallon for diesel fuel decreased by 28% (from \$.0419 to \$.0304) since the prior bid in 2013.

The award amount has been adjusted to reflect an 18-month contract. The contract term is September 1, 2018 through March 31, 2020 with three, one-year options to extend the contract.

FISCAL IMPACT:

CIP #: N/A

Motor Fuel is expensed to the fuel account below. The budget for gasoline and diesel fuel per gallon is \$2.10 and \$2.00, respectively. The motor fuel tank wagon contract that covers the supply of fuel for the City's above ground tanks is a separate contract. A total of \$1,013,000 has been budgeted for fuel in 2018. A portion of this award is for 2019 and 2020; the future budgets will be adjusted accordingly.

Account Number	Fund Description	Total Budget Amount
31351100-541403	General Fund	\$1,114,000