

Legislation Text

File #: 1923, **Version:** 1

CC MEETING: April 7, 2015

DATE: March 19, 2015

TO: Leonard Martin, City Manager

FROM: Vince Priolo, Purchasing Manager and Carl Shelton, Fleet & Facilities Director

Consider **Approval For The Purchase Of Motor Fuel Through An Interlocal Agreement And A Tarrant County Bid Renewal** In An Amount Not To Exceed \$1,253,615.00.

BACKGROUND:

On April 15, 2014 council approved an item to purchase fuel through a Tarrant County Interlocal Agreement. The original 12 month term of this agreement expired on April 6, 2015. Tarrant County Commissioners Court approved the first renewal of Tarrant County Bid No. 2014-063, Annual Contract for Fuel on Tuesday, February 24, 2015, via Court Order Number 119573. All vendors agreed to renew the bid at current fixed prices. This bid renewal will expire on April 6, 2016 at which time there will be two (2) renewal options remaining.

The city purchases approximately 300,000 gallons of diesel and unleaded fuel annually. The Tarrant County bid award lists Martin Eagle, as the primary vendor, TAC Energy as the secondary vendor, and Douglas Distributing as an alternate fuel provider. The Tarrant County bid results historically produce the best fuel pricing, since their network includes over 300+ governments. In fact, their bid is so competitive that Collin County cancelled their bid award and most of those governments utilizing the Collin County bid transitioned to Tarrant County in 2014.

Year to date (YTD) fuel expenses are significantly below budgeted amounts due to a drastic decline in fuel prices. Fuel prices are a very volatile and rapidly fluctuating market, impacted by severe weather, refinery shutdowns, and global economic instability. The 2015 Fleet Services budget includes \$1,253,615.00 for fuel purchases and has a YTD expenditure of \$294,091.00 through February 28, 2015. Fuel expenses were \$1.1 million for FY14. Staff recommends no changes to the current budgeted amount. This will provide for adequate funds should fuel prices rise on the short term. Any unspent funds will be returned to the General Fund balance at year end.

FINANCIAL IMPLICATIONS:

The fuel will be purchased from budgeted funds for the cost centers and amounts as listed below.

<u>COST CENTER</u>	<u>LINE ITEM</u>	<u>BUDGET AMOUNT</u>
Fleet Fund	60650 - Gasoline and Fuel	\$1,253,615.00

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends approval to purchase fuel in the amount of \$1,253,615.00 per year utilizing the Interlocal agreement with Tarrant County, via a twelve month price agreement renewal. Martin Eagle will be the primary vendor, TAC Energy the secondary vendor, and Douglas Distributing an alternate fuel provider.