



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 34
AGENDA DATE: Thu 06/09/2005
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month supply agreement with SUN COAST RESOURCES, INC., Houston, TX, for automotive gasoline and diesel fuel in an amount not to exceed \$7,977,702, with four 12-month extension options in amounts not to exceed \$8,217,033 for the first extension option, \$8,463,544 for the second extension option, \$8,717,450 for the third extension option, and \$8,978,974 for the fourth extension option, for a total agreement amount not to exceed \$42,354,703.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$2,659,234 is available in the Fiscal Year 2004-2005 Approved Operating Budgets of various City departments. Funding for the remaining eight months of the original contract period and extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing
DEPARTMENT: for Financial and
Administrative Services -
Fleet Services;

**DIRECTOR'S
AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Rick Fudge, Deputy Purchasing Officer/974-2033

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: One bid received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for the annual supply of an estimated 2.14 million gallons of gasoline and 2.06 million gallons of diesel fuel used by multiple City departments to fuel the City's fleet of vehicles and equipment. Based on recent average pricing of \$1.74 per gallon for gasoline and \$1.85 for diesel, the City anticipates spending approximately \$4,000,869 for gasoline and \$3,976,833 for diesel fuel for the first 12 months.

Sun Coast will transport and deliver all loads of both types of fuel to City fuel storage tanks with its own fleet of trucks and drivers. Sun Coast has conducted reasonable and necessary screening of its personnel to determine the appropriate personnel for execution of the work and for presence on City property.

The City is committed to avoiding being placed in "non-attainment" status by the Environmental Protection Association. To that end, during the summer months when the emission of pollutants into the air is exacerbated by ambient air conditions, Fleet Services will purchase the cleanest-burning diesel fuel available to it under this contract.

There are four variations of diesel fuel available that the City may purchase depending on the time of year:



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 34
AGENDA DATE: Thu 06/09/2005
PAGE: 2 of 2**

- o Pipeline Specification (low sulfur diesel)
- o Performance Gold - Pipeline Specification plus an additive that increases engine life
- o ORYXE - Pipeline Specification plus an additive that reduces sulfur and nitrous oxide
- o TxLED - ultra-low sulfur diesel that also reduces nitrous oxide

There is only one type of gasoline available for purchase during the year: 87-octane.

Pricing for this contract is based on the bidder's price differential, which is added to an industry price list that establishes the average price per gallon for different type fuels in our region on a daily basis. This is a standard pricing method that the City has used in previous fuel contracts.

MBE/WBE solicited: 3/2

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. One bid was received. Sun Coast has provided excellent response to the City's fuel needs for the past five years, even through periods of extreme price increases nation wide. Two other bidders submitted "No Bid" responses. Mansfield Oil Co., Gainesville, Georgia stated it was unable to meet all the specification requirements. Mansfield depends on common carriers for fuel delivery and could not meet the workforce security screening and could not stage a loaded fuel truck on City property in the event of an emergency. Cole Chemical, Houston, Texas stated that it is a distributor for automotive supplies, but it is not a fuel supplier.
- b. Thirty-seven notices were sent including three MBEs and two WBEs. Four bids were issued including one WBE. One bid received. Two "No Bid"s received.
- c. The current pricing represents an approximate 1.4% increase to the differential for gasoline and less than 1% increase to the differential for diesel from the previous contract awarded in June 2000.

APPROVAL JUSTIFICATION

- a. Fleet Services concurs with recommended award.
- b. Advertised in the Austin American-Statesman and the Internet.