



## Recommendation for Action

**File #:** 19-3703, **Agenda Item #:** 54.

12/5/2019

### Posting Language

Authorize award of a multi-term contract with Pinnacle Petroleum Incorporated, to provide bulk fuels and fuel related products and services, for up to five years for a total contract amount not to exceed \$75,000,000.

(Note: This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods and services required for this solicitation, there were no subcontracting opportunities; therefore, no subcontracting goals were established).

### Lead Department

Purchasing Office.

### Client Department(s)

Fleet Mobility Services.

### Fiscal Note

Funding in the amount of \$12,500,000 is available in the Fiscal Year 2019-2020 Operating Budget of Fleet Mobility Services. Funding for the remaining contract term is contingent upon available funding in future budgets.

### Purchasing Language:

The Purchasing Office issued an Invitation for Bids (IFB) 7800 MMO1005REBID for these goods and services. The solicitation issued on June 3, 2019 and it closed on July 9, 2019. Of the four offers received, the recommended contractor submitted the lowest responsive offer. A complete solicitation package, including a tabulation of the bids received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=130229)  
<[https://www.austintexas.gov/financeonline/account\\_services/solicitation/solicitation\\_details.cfm?sid=130229](https://www.austintexas.gov/financeonline/account_services/solicitation/solicitation_details.cfm?sid=130229)>.

### For More Information:

Inquiries should be directed to the City Manager's Agenda Office, at 512-974-2991 or [AgendaOffice@austintexas.gov](mailto:AgendaOffice@austintexas.gov) <<mailto:AgendaOffice@austintexas.gov>>

NOTE: Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Persons: Marian Moore, at 512-974-2062 or [Marian.Moore@austintexas.gov](mailto:Marian.Moore@austintexas.gov) <<mailto:Marian.Moore@austintexas.gov>> or Leyla Mammadova, at 512-974-2938 or [Leyla.Mammadova@austintexas.gov](mailto:Leyla.Mammadova@austintexas.gov) <<mailto:Leyla.Mammadova@austintexas.gov>>.

### Additional Backup Information:

The contract will provide unleaded gasoline, E-85 ethanol-based gasoline, diesel, biodiesel, and diesel exhaust fluid (DEF) for use in City vehicles. The City anticipates purchasing approximately 2.7 million gallons of biodiesel, 1.3 million gallons of unleaded gasoline, 300,000 gallons of conventional diesel, 1 million gallons of E-85 and 30,000 gallons of DEF annually. The contract has no guaranteed usage of any fuel type, so the City's usage may be adjusted as the make-up of the City's fleet of vehicles changes, and fuel requirements

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and recommendations change. The contractor will transport and deliver all loads of fuel to City fuel storage tanks with a qualified, licensed and certified fleet of fuel delivery trucks and drivers.

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

This contract will replace a contract which expires February 29, 2020. The requested authorization amount was determined using departmental estimates based on historical spend and allows for additional authorization to cover fuel industry fluctuations. The recommended contractor is a woman-owned business.

If the City is unable to secure a contract, Fleet Mobility Services will be forced to purchase bulk vehicle and equipment motor fuel on the open market which would guarantee an increase in the price of fuel and limit the use of alternative fuels.

**Contract Detail:**

<b><u>Contract Term</u></b>	<b><u>Length of Term</u></b>	<b><u>Contract Authorization</u></b>
Initial Term	2 yrs.	\$30,000,000
Optional Extension 1	1 yr.	\$15,000,000
Optional Extension 2	1 yr.	\$15,000,000
Optional Extension 3	1 yr.	\$15,000,000
<b>TOTAL</b>	<b>5 yrs.</b>	<b>\$75,000,000</b>

**Note:** Contract Authorization amounts are based on the City's estimated annual usage.