



Legislation Text

File #: 20-50, Version: 1

STRATEGIC PRIORITY: Government Performance and Financial Management

AGENDA DATE: January 22, 2020

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Procurement Services

EXECUTIVE: Elizabeth Reich

SUBJECT

Authorize **(1)** a three-year master agreement with, two one-year renewal options, for the purchase of unleaded and diesel fuels based on Platts index rates for the Department of Equipment and Fleet Management - Truman Arnold Companies dba TAC Energy in an estimated amount of \$25,287,062.43, World Fuel Services, Inc. in an estimated amount of \$21,046,330.39, Ports Petroleum Co., Inc. in an estimated amount of \$16,337,858.73, Martin Eagle Oil Company, Inc. in an estimated amount of \$16,188,561.78, and W. Douglass Distributing, LTD in an estimated amount of \$7,995,395.04, lowest responsible bidders of ten - Total estimated amount of \$86,855,208.37; and **(2)** an increase to the master agreement with Truman Arnold Companies dba TAC Energy in an amount not to exceed \$459,583.00, from \$40,909,089.75 to \$41,368,672.75 and Martin Eagle Oil Company, Inc. in an amount not to exceed \$212,018.00, from \$10,129,680.88 to \$10,341,698.88, for the purchase of unleaded and diesel fuels based on Platts index rates for the Department of Equipment and Fleet Management - Total amount not to exceed \$671,601.00, from \$51,038,770.63 to \$51,710,371.63 - Financing: Equipment and Fleet Management Fund (\$87,526,809.37)

BACKGROUND

This action does not encumber funds; the purpose of a master agreement is to establish firm pricing for goods, for a specific term, which are ordered on an as needed basis according to annual budgetary appropriations. The estimated amount is intended as guidance rather than a cap on spending under the agreement, so that actual need combined with the amount budgeted will determine the amount spent under this agreement.

The master agreement will allow the City to purchase multiple types of fuels for the City's fleet including unleaded, Texas low-emission diesel, bio-diesel, super unleaded 93 octane, and red dye diesel. All fuel under these agreements is priced utilizing a +/- adder to Platts' indices.

Platts' indices showing current fuel prices are generated and published for specific areas of the country on a daily basis. The pricing service is internationally recognized as an accurate and comprehensive index for establishing fuel prices.

The City's projected demand for the three-year agreement is approximately 26,065,438 gallons. Fuel is distributed to approximately 100 City sites including eight fuel islands, fire stations, sanitation locations and pump stations.

This increase to the current master agreement will allow the City to continue to purchase multiple types of unleaded and diesel fuels for the City's fleet while transitioning to a new fuel agreement including unleaded, Texas low-emission diesel, bio-diesel, super unleaded 93 octane and red dye diesel. All fuel under this agreement is priced utilizing a +/- adder to Platts' indices.

Fuel is distributed to approximately 100 City sites including eight fuel islands, fire stations, sanitation locations, and pump stations.

This agreement will allow for the purchase of the following fuel types:

- Unleaded fuel used for cars, squad vehicles, pickup trucks
- Super unleaded fuel used for police motorcycles
- Diesel fuel used for fire equipment and some heavy-duty vehicles
- Bio-diesel fuel used for sanitation fleet and other heavy-duty vehicles
- Red dye diesel used for off-road vehicles used at the landfill

On-demand mobile fueling of unleaded and diesel fuels is included to be used in special and emergency situations. Special and emergency delivery services are priced separately to provide on-demand fueling over an extended period of time.

The successful supplier is required to provide a driver and a bobtail fuel truck on short notice at any time (365 days per year/24 hours per day) and will be responsible for pumping fuel into individual vehicles and/or tanks. The services include pumping and transporting from one City location to multiple points for dispensing into tanks or vehicles and possibly serving as a mobile fueling station.

As part of the solicitation process and in an effort to increase competition, the Office of Procurement Services used its procurement system to send out email notifications to vendors registered under relevant commodity codes. To further increase competition, the Office of Procurement Services uses historical solicitation information, the Internet, and vendor contact information obtained from user departments to contact additional vendors. Additionally, in an effort to secure more competition, the Office of Business Diversity sent notifications to chambers of commerce and advocacy groups to ensure maximum vendor outreach.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On April 23, 2014, City Council authorized a three year with two one-year renewal master agreement for the purchase of unleaded and diesel fuels based on Platts index rates for equipped fleet vehicles for the Department of Equipment and Fleet Management by Resolution No. 14-0681.

FISCAL INFORMATION

Equipment and Fleet Management Fund - \$87,526,809.37 (Estimated amount)

Fund	FY 2019-20	FY 2020-21	Future Years
Equipment and Fleet Management Fund	\$15,114,776.04	\$14,443,175.04	\$57,968,858.29
Total	\$15,114,776.04	\$14,443,175.04	\$57,968,858.29

M/WBE INFORMATION

In accordance with the City’s Business Inclusion and Development Plan adopted on October 22, 2008, by Resolution No. 08-2826, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$86,855,208.37	Goods	18.00%	0.00%	\$0.00
<ul style="list-style-type: none"> • This contract does not meet the M/WBE goal, but complies with good faith efforts. • The Office of Business Diversity continues to work with all five prime contractors regarding M/WBE inclusion and anticipates two to five percent (2.00% - 5.00%) overall M/WBE participation. 				

PROCUREMENT INFORMATION

Method of Evaluation for Award Type:

Low Bid	<ul style="list-style-type: none"> • Recommended vendor is based on the lowest competitive quoted price, who is also technically and financially capable of performing and completing the contract, and otherwise meets all material specification requirements
	<ul style="list-style-type: none"> • Negotiations are not allowed

The Office of Procurement Services received the following bids from solicitation number BN19-00011125. We opened them on November 8, 2019. We recommend the City Council award this master agreement to the lowest responsive and responsible bidders by group. Information related to this solicitation is available upon request.

*Denotes successful bidders

<u>Bidders</u>	<u>Address</u>	<u>Amount</u>
*Truman Arnold Companies dba TAC Energy	100 Crescent Ct. Suite 1600 Dallas, TX 75201	Multiple Groups

*World Fuel Services, Inc.	6000 Metcalf Ave. Overland Park, KS 66202	Multiple Groups
*Ports Petroleum Co, Inc.	1337 Blachleyville Rd. Wooster, OH 44691	Multiple Groups
*Martin Eagle Oil Company, Inc.	2700 James St. Denton, TX 76205	Multiple Groups
*W. Douglass Distributing, LTD	325 E. Forest Ave. Sherman, TX 75090	Multiple Groups
Mansfield Oil Company of Gainesville, Inc.	1025 Airport Pkwy. SW Gainesville, GA 30501	Multiple Groups
Fullidity LLC	2502 LaBranch St. Houston, TX 77004	Multiple Groups
Sun Coast Resources, Inc.	6405 Cavalcade St., Building 1 Houston, TX 77026	Multiple Groups
Sunoco LLC	8020 Park Ln. Dallas, TX 75321	Multiple Groups
The Bargain Source	2516 Morningside Dr. Garland, TX 75041	Multiple Groups

OWNERS

Truman Arnold Companies dba TAC Energy

Greg Arnold, President
Fred Sloan, Vice President

World Fuel Services, Inc.

Michael Crosby, President
James Prosser, Vice President

Ports Petroleum Co., Inc.

Micheal D. Ports, President
Joel Teague, Vice President

Martin Eagle Oil Company, Inc.

Stephen L. Martin, President
Gary L. Martin, Vice President

W. Douglass Distributing, LTD

Brad Douglass, President
Diane McCarty, Secretary