Agenda – Council – September 30, 2009

Report – Executive Policy Committee – September 9, 2009

Item No. 2 Award of Contract – Supply and Delivery of Fuels
eFile GL-9

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 9, 2009, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That a contract extension for the Supply and Delivery of Fuels be awarded to Petro-Canada for the period January 1, 2010 to December 31, 2010 in the estimated amount of $22 million plus GST.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee – September 9, 2009

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On September 9, 2009, the Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to Council.

ADMINISTRATIVE REPORT

ISSUE: **AWARD OF CONTRACT FOR THE SUPPLY AND DELIVERY OF FUELS FIRST ONE YEAR EXTENSION, BID OPPORTUNITY 714-2008**

Critical Path: **Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon	M. Ruta	M. Ruta	G. Laubenstein

RECOMMENDATIONS

1. That a contract extension for the Supply and Delivery of Fuels be awarded to Petro-Canada for the period January 1, 2010 to December 31, 2010 in the estimated amount of $22 million plus GST.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

IMPLICATIONS OF THE RECOMMENDATIONS

Financial Implications

This contract is on an "as required" basis and does not commit the City to purchase any fixed quantity. The goods are purchased and used by various City departments during the term of the contract. As the funding for this contract is through the budgets of the various user departments, the financial impact will have to be determined by the user departments on an individual basis.

HISTORY

As the total conditional amount to be paid by the City pursuant to the contract is estimated to be $22 million plus GST, and the contract is for a purchase that obligates the City to order goods only when required by the City and only in quantities required by the City, Council may approve the award of contract pursuant to the Materials Management Policy.

The Contract will be extended under the same terms and conditions, utilizing the same price adjustment mechanism as the initial contract period.

The value of the contract extension is calculated using the prices in effect July 1, 2009. The price of fuel is adjusted daily using the price adjustment mechanism in the contract. The value of the contract extension is approximate and the actual value for the extension period will be determined based on the fluctuation in the price of fuel, for example the contract value for the initial term of the contract was estimated to be $31.5 million plus GST for the same volumes, based on prices in effect in July 2008.

The Contract is for the supply of delivery of fuels, including diesel, gasoline, and furnace fuel for the City, and for cooperative purchases including those by the University of Manitoba and multiple school divisions. They are responsible to set up their own contract and pay for their own fuel. The estimated contract amount does not include the amount of any cooperative purchases.

The Contract Administrator is satisfied that the recommended Contractor has the necessary experience and resources to perform the work of the contract satisfactorily and in accordance with the requirements of the Contract.

The Contractor has satisfactorily performed the work since the beginning of the contract.

The Contract allowed for two (2) mutually agreed upon one (1) year extensions as per D2.1.

Petro-Canada has signed a letter of agreement to extend the contract on the same terms and conditions, utilizing the same price adjustment mechanism for the period of January 1, 2010 to December 31, 2010.

There was a user department enquiry regarding the ability to fill up regular unleaded gasoline at retail locations instead of using the City of Winnipeg fuel sites. The General Conditions of the contract provide the terms and conditions to accommodate this type of change in the contract, should such a change be implemented.

FINANCIAL IMPACT

Financial Impact Statement — Date: July 17, 2009

Project Name: — **First Year of Program**

Award of Contract for Supply and Delivery of Fuels, Bid Opportunity 714-2008

	0	1	2	3	4
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. Funding for this Contract is through the budgets of the various user departments on an individual basis. This servcie is purchased and used by various City departments during the term of the Contract.
2. This Contract extension is effective January 1, 2010 to December 31, 2010 in the estimated amount of $22,000,000.00 plus GST. The Contract allows for two mutually agreed upon one year extensions. Furthermore, the Contract does not commit the City to purchase any fixed quantity.

Original signed by R. Abeysekera

CONSULTATION

In preparing this Report there was consultation with:

Materials Management Division
Legal Service Division – as to legal issues

SUBMITTED BY

Department Corporate Finance
Division Materials Management
Prepared by: Corinne Evason, Policy, Process Analyst Trainer
Date: August 27, 2009
File No. 714-2008