Minutes - Executive Policy Committee - July 7, 2010

REPORTS

Minute No. 386 Contract Extension for the Supply and Delivery of Fuels
eFile TT-8

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommends to Council:

1. That a contract with Suncor Energy Inc. dba Petro-Canada for the Supply and Delivery of Fuels be extended for the period of January 1, 2011 to December 31, 2011 in the estimated amount of $20,890,897.46 plus GST.

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

DECISION MAKING HISTORY:

Moved by Councillor Fielding,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

Issue: **APPROVAL OF CONTRACT EXTENSION FOR THE SUPPLY AND DELIVERY OF FUELS, BID OPPORTUNITY 714-2008**

Critical Path: Executive Policy Committee /Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon	M. Ruta	M. Ruta	M. Ruta for P. Sheegl, Acting CAO

RECOMMENDATIONS

That a contract with Suncor Energy Inc. dba Petro-Canada for the Supply and Delivery of Fuels be extended for the period of January 1, 2011 to December 31, 2011 in the estimated amount of $20,890,897.46 plus GST.

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract is estimated to be $20,890,897.46 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 extension of contract pursuant to the Materials Management Policy.

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

If the Contract is extended, it 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 June 1, 2010. The price of fuel is adjusted daily using the price adjustment mechanism in the contract. The value of the contract extension is approximate. The actual value for the extension period will be determined based on the fluctuation in the price of fuel.

The Contract is for the supply and 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. The University of Manitoba and the school divisions 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 has satisfactorily performed the work since the beginning of the contract in accordance with the requirements of the Contract.

The Contract allowed for two (2) mutually agreed upon one (1) year extensions in accordance with D2.1. This will be the last extension.

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, 2011 to December 31, 2011.

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:** June 1, 2010

Project Name: **First Year of Program** **2011**

APPROVAL OF CONTRACT EXTENSION FOR THE SUPPLY AND DELIVERY OF FUELS, BID OPPORTUNITY 714-2008

	2011	2012	2013	2014	2015
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 service is purchased and used by various City departments during the term of the Contract.

2. The Contract extension is effective January 1, 2011 to December 31, 2011 in the estimated amount of $20,890,897.46 plus applicable taxes net of any rebates or exemptions.

3. This will be the final extension of the two mutually agreed upon one year extensions. The Contract does not commit the City to purchase any fixed quantity.

Original Signed by
R. Abeysekera
Manager of Finance (Campus)
Corporate Finance Department

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:	June 1, 2010
File No.	714-2008