Agenda – Executive Policy Committee – September 17, 2014

REPORTS

Item No. 12 Award of Contract for the Supply and Delivery of Fuels – Bid Opportunity 634-2014

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the contract for the Supply and Delivery of Fuels for the period of January 1, 2015 to December 31, 2017 be awarded to Suncor Energy Inc., 1277136 Alberta Ltd., and Suncor Energy Products Inc., operating as Suncor Energy Products Partnership the bidder who submitted the lowest responsive bid in the estimated amount of $92,563,313.62 plus GST.

2. That the authority be delegated to the Chief Administrative Officer to award the additional three (3) mutually agreed upon two (2) year extensions.

ADMINISTRATIVE REPORT

Title: **AWARD OF CONTRACT FOR THE SUPPLY AND DELIVERY OF FUELS, BID OPPORTUNITY 634-2014**

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

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon	Mike Ruta	Mike Ruta	M. Jack A/CAO

RECOMMENDATIONS

1. That the contract for the Supply and Delivery of Fuels for the period of January 1, 2015 to December 31, 2017 be awarded to Suncor Energy Inc., 1277136 Alberta Ltd., and Suncor Energy Products Inc., operating as Suncor Energy Products Partnership the bidder who submitted the lowest responsive bid in the estimated amount of $92,563,313.62 plus GST.
2. That the authority be delegated to the Chief Administrative Officer to award the additional three (3) mutually agreed upon two (2) year extensions.

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract is estimated to be $92,563,313.62 plus GST, Council may approve the award of this multi-year contract pursuant to the Materials Management Policy. 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.

IMPLICATIONS OF THE RECOMMENDATIONS

The contract is for the supply and delivery of fuels, including diesel fuel, gasoline and furnace fuel for the City, and for cooperative purchases including those by the University of Manitoba and multiple school divisions.

The estimated contract amount of $92,563,313.62 does not include the amount of any cooperative purchases. The bid prices stated below and the contract amount differ because of the cooperative purchases.

The contract is for the period of January 1, 2015 to December 31, 2017 with the option of three (3) mutually agreed upon two (2) year extensions.

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

Bid Opportunity 634-2014 was issued on July 7, 2014. The submission deadline was July 21, 2014.

The Bid Opportunity stated that the award of the contract would be based on the total evaluated price which would be the sum of the approximate annual quantities multiplied by the unit prices for each of the three dates in time for each item shown on Form B: Prices and divided by 3 to reach an average for each item.

Bids were received from the following bidders:

Suncor Energy Products Partnership	$97,147,725.69
4 Refuel Canada L.P.	$97,555,991.71
Imperial Oil - Bid 1	$98,096,392.88
Imperial Oil - Bid 2	$98,153,808.78
Larry Penner Enterprises Inc.	$98,241,760.99
Mansfield of Canada, ULC	$98,986,041.40

$92,563,313.62 relates to City purchases. The balance of $4,584,412.07 relates to cooperative purchases.

Evaluation of prices based on City quantities does not change the order of Bidders.

The prices bid were based on three specific days in time, March 13, 2014, April 17, 2014 and May 15, 2014. The pricing throughout the contract will be in accordance with clause B11 Option 2 Index to Product Price (Bidder's Proposed Price Adjustment Mechanism) of the Bid Opportunity document. Suncor Energy Products Partnership offered a daily price adjustment mechanism based on the Index to Product Price.

Users such as the University of Manitoba and the school divisions purchase fuel pursuant to this cooperative purchase and will be responsible to set up their own contracts and pay for their own fuel.

The Manager of Materials waived the requirements for Bid and Performance Securities in accordance with the authority delegated pursuant to Administrative Standard FM-002.

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

The bids are open for acceptance until October 19, 2014.

It is therefore recommended that Suncor Energy Products Partnership be awarded the Contract for the Supply and Delivery of Fuels in the estimated amount of $92,563,313.62 plus GST.

Fuel usage by department, per litre, is shown in Table 1.

Table 1: City Usage by Litre

Department	Diesel Fuel, Type B ULS	Diesel Fuel, Type B ULS Marked	Diesel Fuel, Locomotive	Furnace Fuel, Type 2	Gasoline, Unleaded Regular
Fleet Management Agency	2,758,984	1,487,966			3,936,144
Planning, Property and Development		53,866			49,660
Transit	17,658,177				135,317
Water & Waste	299,538		67,840	10,743	35,006
Total litres	**20,716,699**	**1.541,832**	**67,840**	**10,743**	**4,156,127**

FINANCIAL IMPACT

Financial Impact Statement **Date:** July 28, 2014

Project Name: **First Year of Program** **2015**

AWARD OF CONTRACT FOR THE SUPPLY AND DELIVERY OF FUELS, BID OPPORTUNITY 634-2014

	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. This service is purchased and used by various City departments during the term of the Contract. The financial impact will have to be determined by the user departments on an individual basis. The Contract does not commit the City to purchase any fixed quantity.
2. This contract is for an estimated $92,563,313.62 plus applicable taxes over a three (3) year period, January 1, 2015 to December 31, 2017 with the option of three (3) mutually agreed upon two (2) year extensions.

(Original signed by R. Hodges)
Ramona Hodges

CONSULTATION

In preparing this report there was consultation with:

Materials Management Division
Legal Services Department – as to legal issues

SUBMITTED BY

Department	Corporate Finance
Division	Materials Management
Prepared by:	C. Evason
Date:	July 28, 2014
File No.	634-2014