

TO:	CHAIR AND MEMBERS FINANCE & ADMINISTRATIVE SERVICES COMMITTEE MEETING ON MONDAY, MAY 7, 2012
FROM:	JOHN BRAAM, P.ENG ACTING EXECUTIVE DIRECTOR, PLANNING, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT	TENDER 12-56 SUPPLY AND DELIVERY OF DIESEL, BIODIESEL FUEL AND GASOLINE (ELGIN, MIDDLESEX, OXFORD PURCHASING CO-OPERATIVE)

RECOMMENDATION

That, on the recommendation of the Acting Executive Director, Planning, Environmental & Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to a one (1) year contract for the supply and delivery of diesel, biodiesel fuel and gasoline:

- a) the tender submitted by Suncor Energy Products Partnership, 2489 North Sheridan Way, Mississauga, Ontario, L5K 1A8, for the supply of Diesel, Biodiesel Fuel and Gasoline **BE ACCEPTED**; and
- b) that the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this award, and;
- c) the approval given herein **BE CONDITIONAL** upon the Corporation entering into a formal contract or issuing a purchase order relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

Purpose

To seek council approval to award this tender for a one (1) year period for the Supply and Delivery of Diesel Fuel and Gasoline to our four (4) operations centers, golf courses and back-up generator locations. City vehicles and equipment, Fire Department apparatus, Library vehicles and some Police Services diesel equipment source fuel from these locations. Expansion to the EMS vehicle will be considered during the contract period.

Purchasing Process

A Request for Tender for the supply and delivery of Diesel Fuel and Gasoline was issued by London Transit Commission (LTC) on behalf of the participating members of Elgin/Middlesex/Oxford Purchasing Co-operative (EMOP) in accordance with clause 14.4 of our Procurement of Goods and Services Policy 'It is advantageous to the City to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body and closed on March 23, 2012 in agreement with our Procurement of Goods and Service Policy 21.1 Cooperative Purchasing. The term of the contract is for a one (1) year period commencing May 1, 2012 and expiring on April 30, 2013 with renewal options available upon mutual agreement of all parties.

All bidders were asked to use a published London Rack Price and offer a discount from that price plus a transportation charge per litre for each location and whether the price would be based on a weekly average or a spot buy. There were five (5) submissions received and four (4) were considered compliant. Suncor submitted the lowest overall bid for City of London locations and meets the City's specifications and requirements in all areas.

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Purchasing Process...cont'd

As specified in the tender document, the LTC reserves the right to accept or reject any and all bids, also the right to accept other than the lowest bid and also the right to award the bid submission in whole or in part. The LTC has accepted and will award their requirements to Dowler Karn as they offered better pricing for their two (2) locations.

Discussion

Regular Unleaded Ethanol, Biodiesel (B5), Diesel #2 Clear and Diesel #2 Colored represent the majority of our fuel requirements. In addition pricing for Biodiesel grades B2, and B10 have also been secured within this contract.

Biodiesel product has been piloted at Exeter Road Operation Centre (EROCC) over the last year and has performed very well. The City will have achieved significant emission reductions from the use of Biodiesel with very little operating and maintenance concerns. Currently pricing is competitive for Biodiesel; delivery is slightly more expensive however costs are significantly offset by tax savings for using an alternative fuel. Green House Gas (GHG) reductions from biodiesel use in 2011 has avoided almost 90 tonnes of GHG from the environment, equivalent to taking twenty over cars off the road. Based on the Biodiesel premium each tonne of GHG reduction has cost approximately \$210

Suncor's pricing formula for future pricing adjustments is based upon the previous week's average daily London Unbranded Rack Price, less applicable discount, plus a delivery charge by location, HST is extra. The diesel, biodiesel fuel and gasoline requirements for the City of London and EMOP members have been included in the tender call. Upon entering into a contract, EMOP members will co-operatively share the benefits of this agreement, but will separately administer their own procurement contracts.

Financial Impact

The total estimated annual expenditure is \$2.8 million. Funding for the current year has been included in the 2012 Operating budget.

Acknowledgements

This report was prepared with input from Barrie Galloway, Operations Manager, Fleet Services, Jamie Skimming P.Eng – Manager of Air Quality and Chris Ginty CPPB, Procurement Officer, Purchasing & Supply.

SUBMITTED BY:	REVIEWED & CONCURRED BY:
MIKE BUSHBY DIVISION MANAGER FLEET SERVICES	MIKE TURNER DEPUTY CITY TREASURER
RECOMMENDED BY:	
JOHN BRAAM, P.ENG. ACTING EXECUTIVE DIRECTOR, PLANNING, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER	