

THE CORPORATION OF THE TOWN OF GEORGINA

REPORT NO. OI-2021-0028

**FOR THE CONSIDERATION OF
COUNCIL**

November 17, 2021

**SUBJECT: PURCHASE ORDER INCREASE - CONTRACT OID2021-008 – SUPPLY
AND DELIVERY OF BULK FUEL**

1. RECOMMENDATION:

- 1. That Council receive Report No. OI-2021-0028 prepared by the Roads Division, Operations & Infrastructure Department dated November 17, 2021 regarding increase of purchase order for contract OID2021-008 – Supply and Delivery of Bulk Fuel for contract years 2022, 2023 and 2024;**
- 2. That Council approve the increase to the award of the contract for Supply and Delivery of Bulk Fuel to FS Partners / UPI Energy FS to a revised total of \$705,680.00, excluding applicable taxes, for the remaining two (2) year contract, with one (1) optional one (1) year extension of an estimated value of \$352,840.00 excluding applicable taxes and subject to satisfactory performance;**
- 3. That Council authorize the Manager of Procurement Services to execute the Agreement between the Town of Georgina and FS Partners / UPI Energy FS, and execute all other necessary documents; and**
- 4. That Council authorize the Manager of Procurement Services to issue a purchase order for each year up to a total of \$352,840.00 excluding taxes, to FS Partners / UPI Energy FS, and to execute all other necessary documents**

2. PURPOSE:

To obtain Council's approval to increase the award of CONTRACT OID2021-008 – SUPPLY AND DELIVERY OF BULK FUEL, to a revised total of \$705,680.00, excluding applicable taxes, for the remaining two (2) year contract, with one (1) optional one (1) year extension of an estimated value of \$352,840.00 excluding applicable taxes and subject to satisfactory performance.

3. BACKGROUND:

As a follow up to Council report OI-2021-0013, Town Staff have analyzed the result of using bulk fuel over the past 6 months, as follows.

The Town owns and operates one-hundred thirty (130) vehicles and pieces of equipment to provide services to the residents of the Town of Georgina. These vehicles and equipment require fuel (either diesel or gasoline) to operate on a daily basis. Over the course of the year, the Town consumes approximately 390,000 litres of fuel, of which approximately 180,000 litres was historically purchased in bulk, and the remainder was bought at retail locations. These retail purchases were done so at a higher price per litre than the recently procured bulk fuel contract, and at decreased efficiency given the lack of proximity of retail stations to Town facilities.

As a result, Town staff developed a fuel policy to ensure all Town vehicles operate as efficiently and as cost-effective as possible. The fuel policy, among other things, defines the need for staff to fuel Town vehicles, where practicable, at one of the Town’s bulk-fueling sites.

The past award of Bulk Fuel contract OID2021-008 under council report OI-2021-0013 only awarded up to the historical usage trends and not to the new needs of the fuel policy, therefore there is a necessary increase to the subsequent years’ purchase orders.

4. ANALYSIS:

The current bulk fuel contract is four (4) years in length, expiring in 2024. This contract was Tendered as a unit rate contract (Price per Litre). The Town intends to join in the Region of York Fuel Co-operative at the end of the current contract.

The expanded scope of this Contract been requested through the current vendor and they are capable of delivering the increased scope (volume) of fuel.

The 2022 Operating Budget for Fuel has been consolidated into the Fleet Division account for all vehicles. The overall operating budget has been reduced by almost \$100,000.00 from 2021 based the savings realized through the bulk fuel supply contract, the proposed Fleet Fueling policy for staff, and the reduction in overall kilometers by Town vehicles.

Description	Amount
2022 Budget - Fleet – Fuel	\$362,840.00
Current Approved Award Amount for 2022 – (Report OI-2021-0013)	-\$112,600.00
Requested Award Increase (this report)	-\$240,240.00
Budget remaining (retail spend)	\$10,000.00

This change in award will allow the Fuel Policy to go into effect, and for the Town to recognize both upfront financial and background efficiency savings.

5. RELATIONSHIP TO STRATEGIC PLAN:

PRIORITY 4: “Deliver Exceptional Service”

Manage our finances and assets proactively

6. FINANCIAL AND BUDGETARY IMPACT:

There is sufficient budget in the annual budget total to accommodate this increase of award. It is expected that future proposed operating budgets would also accommodate this program.

Once authorized by Council, the Manager of Procurement Services will issue Purchase Orders for the contract. The anticipated remaining value of the 2022/2023 contract is \$705,680.00, and the anticipated value of the 2024 contract is \$352,840.00, excluding H.S.T.

7. PUBLIC CONSULTATION AND NOTICE REQUIREMENTS:

No public consultation or notices are required for this work.

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Recommended by: Rob Flindall , P. Eng.
Director, Operations and Infrastructure

Approved by: Ryan Cronsberry
Acting Chief Administrative Officer