

**STAFF REPORT: Financial and Information Services**



**REPORT TO:** Infrastructure and Recreation  
**MEETING DATE:** June 8, 2010  
**REPORT NO.:** FIS.10.40  
**SUBJECT:** Award of Tender for the Supply and Delivery of Various Fuel Products RFT-TAPS-20-2010  
**PREPARED BY:** Sherri Adams, Manager of Purchasing

**A. Recommendations**

THAT Council receive Staff Report FIS.10.40 "Award of Tender for the Supply and Delivery of Various Fuel Products RFT-TAPS-20-2010"; and,

THAT Council authorize the award of the Tender for the Supply and Delivery of the Town's Fuel to Wayne Bird Fuels at a price of \$0.0500/litre above the Daily Rack Price for Furnace Oil and \$0.0275/litre above the Daily Rack Price for various fuel products, excluding Federal Excise Tax (FET), Provincial Fuel Tax (PFT) and HST, for a contract period of two years commencing August 1, 2010; and,

FURTHER THAT Council authorize the Mayor and Clerk to execute the appropriate contract agreement as approved by the Town's Solicitor.

**B. Background**

In 2005 and 2008, The Blue Mountains joined Grey County in their bi-annual Tender for Fuel Products and subsequently entered into contracts to deliver various fuel products to designated Town locations. The various fuel products include: Clear and Dyed Diesel and Regular and Midgrade Unleaded. Contract award and pricing details were as follows:

2005 – Imperial Oil, contract price was \$0.005/litre above the Daily Rack Price for various fuel products

2008 – Wayne Bird Fuels, contract price was \$0.0350/litre above the Daily Rack Price for various fuel products

The Town has again joined the County in the 2010 Tender for Fuel Products. The Town's total fuel consumption for 2009 was 287,200 litres of various fuel products and 31,451 litres of furnace oil for all departments.

Grey County issued the Tender on Thursday, May 6, 2010 and it closed on Thursday, May 27, 2010. Submissions were opened by the County with the Town's Manager of Purchasing and bidders in attendance at a public opening immediately following the

closing. Results received for the Town's portion of the County Tender identified as "Schedule G", and based on the Town's 2009 consumption are as follows:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>Bidder</b>	<b>Total Extended Price (incl. All taxes)</b>	<b>Corrected Total Extended Price (incl. all taxes)</b>	<b>Various Fuels Delivery Cost over Rack Price / litre</b>	<b>Furnace Fuel Delivery Cost over Rack Price / litre</b>
MacDonnell	No bid	No bid		
Wayne Bird Fuels	\$305,817.55	\$305,816.75	\$0.0275	\$0.0500
Imperial Oil	\$317,982.17	\$317,982.17	\$0.0640	\$0.0590
FS Partners	\$201,438.24	\$310,958.36	\$0.0440	\$0.0440

*Columns A & B include taxes of Federal Excise Tax (FET), Provincial Fuel Tax (PFT) and Harmonized Sales Tax (HST)*

*Columns C & D do not include the above noted taxes.*

The Tender Proposal Award Committee's recommendation is to award the two year contract for the Supply and Delivery of Various Fuel Products RFT-TAPS-20-2010 to Wayne Bird Fuels, who is the lowest responsive and responsible bidder at a cost for delivery over the Daily Rack Price of \$0.0275/litre for various fuel products and \$0.0500/litre for furnace oil, commencing August 1, 2010, replacing the current contract prices.

### **C. The Blue Mountains' Strategic Plan**

Goal #6 – Providing a strong, well managed municipal government

### **D. Environmental Impacts**

These are the Town's normal business practices. In the future, more energy efficient vehicles and the use of bio fuels will reduce air quality emissions.

### **E. Budget Impact**

The recommended tender price for delivery has decreased by \$0.0075 / litre over the current contract of \$0.0350 / litre. At the time of the 2008 contract award, fuel prices had escalated significantly, as described in Staff Report FS.08.32.

The Town's Corporate Budget for fuel in 2010 is \$268,895 (including all products). Estimates for fuel for the 2010 budget did not include the non-rebatable portion of the HST as legislation for this blended tax had not transpired at that time. The rebatable portion of the HST on the Total Extended Price for this contract is \$31,166.16. The corporate fuel expense is calculated to be \$274,650.60 (\$305,816.75-\$31,166.16).

## **F. Attached**

### 1. Wayne Bird's Tender Submission

Respectfully submitted by the Tender Proposal Award Committee,

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Paul Graham  
CAO

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Reg Russwurm  
Director of Engineering  
and Public Works

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Sherri Adams  
Manager of Purchasing

For more information, please contact:

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**SCHEDULE OF ITEMS AND PRICES continued**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Item	Daily OPIS Average Rack Price as posted for April 28, 2010 Per Litre	Delivery Cost Above Daily OPIS Rack Price Per Litre	Federal Excise Tax (FET) Per Litre	Provincial Fuel Tax (PFT) Per Litre	Unit Price Subtotal [A+B+C+D]	Quantity Litres	Subtotal [E * F]	HST [13% * G]	Total Extended Price [G+H]
<b>SCHEDULE G – THE TOWN OF THE BLUE MOUNTAINS</b>									
Diesel Dyed	\$0.657	\$ .0275	\$ 0.04	Not applicable	\$ .7245	71,619	\$ 51888	\$ 6745 <sup>44</sup>	\$ 58633.44
Diesel Clear	\$0.657	\$ .0275	\$ 0.04	\$ 0.143	\$ .8675	67,919	\$ 58920	\$ 7659 <sup>60</sup>	\$ 66579.60
Gasoline Regular Unleaded	\$0.648	\$ .0275	\$ 0.1	\$ 0.147	\$ .9225	103,320	\$ 95313	\$ 12396 <sup>69</sup>	\$ 107703.69
Gasoline Midgrade Unleaded	\$0.6825	\$ .0275	\$ 0.1	\$ 0.147	\$ .9570	44,342	\$ 42435	\$ 5516 <sup>55</sup>	\$ 47951.55
Seasonal Furnace Oil	\$0.652	\$ .0500	Not applicable	Not applicable	\$ .7020	31,451	\$ 22079	\$ 2870 <sup>27</sup>	\$ 24949.27
<b>Grand Total Schedule G (taxes included)</b>									<b>\$ 305817.55</b>