



City of Largo
Item 9

Meeting Date
06/05/18

Presenter: Tim Perry, Fleet Manager

Department: PW – Public Works

TITLE:

AUTHORIZATION TO CONTINUE PARTICIPATION WITH PINELLAS COUNTY CO-OP BID NO. 145-0387-B(PF) FOR A PERIOD ENDING DECEMBER 15, 2020 FOR THE PURCHASE OF GASOLINE AND DIESEL FUEL FROM INDIGO ENERGY PARTNERS, LLC IN THE ESTIMATED AMOUNT OF \$604,531

The City purchases, supplies and dispenses its own fuel for operational use, using a cooperative fuel purchase contract. This fuel bid was facilitated by Pinellas County and is a cooperative agreement among various municipal governments and the County. The City is listed as a participant in the bid document and has purchased fuel using the County's contract since 2008. Gasoline and diesel fuel supplies are stored and dispensed at the Public Works Complex fuel island to support the City's vehicles, equipment and machinery. The City's estimated annual fuel consumption is 275,000 gallons of diesel fuel and 215,000 gallons of unleaded gasoline per year.

Due to regular fluctuations in fuel and oil prices, the per gallon prices are calculated using the Oil Pricing Information Service (OPIS) Average Base Price on the day of the purchase. OPIS is a service that publishes indexes of wholesale fuel prices at fuel terminals. Due to the fact that fuel prices fluctuate daily, and vary between providers, OPIS publishes a daily Average Base Price for each location that includes all of the fuel providers at that location. In the case of this bid, the prices are based on the daily average cost at Port Tampa. The price the City pays is based on the OPIS Average Base Price per gallon, plus a fixed fee per gallon which is essentially a charge to deliver the fuel. This pricing schedule allows the per gallon cost of fuel to fluctuate, while the standard fee component remains constant. Per the contract, the fixed fees are subject to change every twelve months based on the Consumer Price Index, Fuels and Utilities Index as published by the United States Department of Labor.

Indigo Energy Partners, LLC was awarded the bid by Pinellas County for the transport delivery method (minimum delivery of 8,000 gallons) which is the City's preference.

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Budgeted Amount:	\$1,344,300.00	Budget Page No(s):	Various	Available Amount:	\$604,531.00	Expenditure Amount:	\$604,531.00
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Additional Budgetary Information: Fuel is budgeted in each individual program then charged out when supplied to the vehicle through the Fleet Fund.

Funding Source(s):	Various	Sufficient Funds Available:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Budget Amendment Required:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Source:	N/A
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City Attorney Reviewed:	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A	Advisory Board Recommendation:	<input type="radio"/> For <input type="radio"/> Against <input checked="" type="radio"/> N/A	Consistent With:	<input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> N/A	Not Applicable
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Potential Motion/ Direction Requested: I MOVE TO APPROVE/DISAPPROVE AUTHORIZATION TO PARTICIPATE WITH PINELLAS COUNTY CO-OP BID NO. 145-0387-B(PF) FOR A PERIOD ENDING DECEMBER 15, 2020 FOR THE PURCHASE OF GASOLINE AND DIESEL FUEL FROM INDIGO ENERGY PARTNERS, LLC IN THE ESTIMATED AMOUNT OF \$604,531.

Staff Contact: Tim Perry, Fleet Manager | 727-586-7357 | tperry@largo.com

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The contract was awarded on a calendar year basis. The current Blanket Purchase Order (BPO) for fuel purchases from Indigo was created in January 2017 with a limit of \$1,398,600 which was the fuel budget for FY 2017. This BPO should have been closed at the end of 2017, but due to vacancies in the Fleet Division at the time, purchases continued to be made against it. The dollar limit has been reached and it is now necessary to issue a new BPO to cover purchases through the end of calendar year 2018. The approved fuel budget for FY 2018 is \$1,344,300. The award amount represents the expenditures through the end of the award period.

Fuel is not directly budgeted as an expense in the Fleet Fund, but is budgeted through individual City Departments. Fuel purchased is inventoried by the Fleet Management Division, and the user department is billed upon consumption. The City's fiscal non-funding clause will apply to this purchase. The clause reads, "In accordance with the City Charter, all purchase contracts that extend beyond the fiscal year include a fiscal non-funding clause; if the City Commission does not appropriate the necessary funds then the purchase contract terminates on the last day of the current fiscal year without penalty or expense to the City. A blanket purchase order establishes a unit purchase price or discount but does not obligate the City to make any purchases; if funds are not appropriated, the purchases are not made.

In case of an emergency, such as a hurricane it may be necessary to purchase fuel from a non-contract vendor. During emergency situations the Fleet Management Division will search for vendors that have fuel available and make purchases at the best prices possible. After an emergency delivery has been made, City Commission authorization will be sought for approval of the purchase and to make the payment to the vendor.