



AGENDA MEMORANDUM

Action Item for the City Council Meeting February 27, 2024

DATE: February 27, 2024

TO: Peter Zanoni, City Manager

FROM: Brett Van Hazel, Director of Asset Management
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Unleaded Gasoline, Ultra-Low Sulfur Diesel (TX LED) Fuel and Red Dyed Diesel Delivery Service

CAPTION:

Motion authorizing execution of a one-year service agreement, with two one-year options, with Mansfield Oil Company of Gainesville, Inc., of Gainesville, Georgia, in an amount not to exceed \$5,364,512.67 and a potential amount up to \$16,093,538.01 if options are exercised, for the purchase and delivery of unleaded gasoline, ultra-low sulfur diesel (TX LED) fuel and red dyed diesel delivery service, with FY 2024 funding of \$3,129,299.06 from the Fleet Maintenance Service Fund.

SUMMARY:

This service agreement will provide unleaded gasoline, ultra-low sulfur diesel (TX LED) fuel and red dyed diesel delivery services to eleven City-owned locations throughout the City. The Mansfield Oil Company headquarters at 1025 Airport Parkway S.W., Gainesville, Georgia and has a Texas Office at 820 Gessner Road Suite 1770, in Houston, Texas.

BACKGROUND AND FINDINGS:

The Asset Management Department facilitates fuel delivery for the City's approximately 2,300 vehicles and pieces of equipment through a competitively bid service agreement. This service agreement will replace a three-year service agreement, which ran short of funds in FY23 due to escalating fuel prices in FY22. The new service agreement, which is 60% above the incumbent total contract valuation, includes capacity to cover potential price fluctuations like those seen in FY22. Fleet has reduced the quantity requirements from the incumbent contract to reflect yearly averages, but the current base bid price for fuel is 60% higher than the price of the fuel in the incumbent contract.

PROCUREMENT DETAIL:

Finance & Procurement conducted a competitive Request for Bid process to obtain bids for a new service agreement. The City received five bids and staff is recommending the award to the lowest, responsible, responsive bidder, Mansfield Oil Company of Gainesville, Inc. Mansfield is the incumbent and their bid was \$30,902.95 less than the next lowest bidder.

ALTERNATIVES:

The alternative would be not to secure a long-term supply service agreement and instead process individual purchase orders for each fuel delivery. This would eliminate the guarantee of OPIS plus bid premium price and significantly increase the administrative efforts required to process fuel deliveries. A long-term agreement allows for guaranteed pricing and an increase in staff productivity.

FISCAL IMPACT:

The fiscal impact for Asset Management in FY24 is \$3,129,299.06, with the remaining cost of \$12,964,238.96 funded in future years through the annual budget process.

FUNDING DETAIL:

Fund:	5110	Fleet Maintenance Service Fund
Organization/Activity:	40140	Service Station
Department:	202	Maintain the Fleet
Project # (CIP Only):	N/A	
Account:	520210	Cost of Goods Sold

RECOMMENDATION:

Staff recommends approval of this motion authorizing the execution of a one-year service agreement, with two one-year options, with Mansfield Oil Company of Gainesville, Inc as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Bid Tabulation