



## AGENDA MEMORANDUM

Action Item for the City Council Meeting July 18, 2023

**DATE:** July 18, 2023

**TO:** Peter Zanoni, City Manager

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**Amendment No. 1 for Unleaded Gasoline, Ultra-Low Sulfur Diesel (TX LED) Fuel  
and Red Dye Diesel Delivery Service**

**CAPTION:**

Motion authorizing execution of Amendment No. 1 to the service agreement with Mansfield Oil Company of Gainesville, Inc., of Gainesville, Georgia, in an amount not to exceed \$2,144,404.20, and a revised value of \$10,722,021.03 for unleaded gasoline, ultra-low sulfur diesel (TX LED) fuel and red dye diesel delivery service for Asset Management, with FY 2023 funding in the amount of \$1,245,222.00 from the Fleet Maintenance Service Fund.

**SUMMARY:**

The Service Agreement is amended by increasing the amount of the contract by \$2,144,404.20 for a revised total amount of the agreement to \$10,722,021.03.

**BACKGROUND AND FINDINGS:**

The Asset Management Department facilitates unleaded gasoline, ultra-low sulfur diesel fuel, and dyed diesel fuel delivery to the City's approximately 2,300 vehicles and equipment pieces, through a three-year service agreement with Mansfield Oil Company. At contract origination, in May of 2021, the Oil Price Information Service (OPIS) cost for unleaded gasoline was \$1.99 per gallon and \$1.65 per gallon for diesel. Mansfield Oil Company discounts OPIS price based on contract bid. By June of 2022, OPIS pricing for gasoline and diesel approached \$5 per gallon. The contract was not established with the ability to absorb this amount of unforeseen price increase and the contract will have reached contract spending limits on or around the middle of July 2023 at current consumption rates. Current OPIS pricing for unleaded gasoline is \$2.35 per gallon and \$2.38 per gallon for diesel fuel.

**ALTERNATIVES:**

An alternative would be to not increase the spending limit on the contract. However, the Asset Management Department would have to purchase unleaded gasoline, ultra-low sulfur diesel fuel, and dyed diesel delivery services on an as-needed basis on individual purchase orders resulting from a request for quote process, by policy, for each delivery. With 12 deliveries of diesel fuel and 8 deliveries of unleaded gasoline per month, this would be time-consuming and could delay timely deliveries. This could also result in higher costs since the current contractor and other potential contractors would not have to adhere to the current contract's discounted pricing for individual quotes.

**FISCAL IMPACT:**

The fiscal impact for Asset Management in FY 2023 is estimated at \$1,245,222.00. The remaining amount will be budgeted in future years through the annual budget process.

**FUNDING DETAIL:**

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

**RECOMMENDATION:**

Staff recommends approval of this motion with Mansfield Oil Company of Gainesville, Inc. as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Amendment