



City of Grand Island

Tuesday, April 22, 2008

Council Session

Item F4

#9167 - Consideration of Exceptions to Chapter 27 of the Grand Island City Code Regarding Fuel Purchase and Delivery for the Fleet Services Division of the Public Works Department

Staff Contact: Steve Riehle

Council Agenda Memo

From: Steven P. Riehle, Public Works Director

Meeting: April 22, 2008

Subject: Consideration of Exceptions to Chapter 27 of the Grand Island City Code Regarding Fuel Purchase and Delivery for the Fleet Services Division of the Public Works Department

Item #'s: F-4

Presenter(s): Steven P. Riehle, Public Works Director

Background

On March 26, 2008 the Fleet Services Division of the Public Works Department advertised for bids for fuel delivery. The bids were requested because the current fuel prices push the cost for a tanker load over the \$20,000 informal bid limit in the city code. Funds for the fuel were approved in the 2007/2008 budget. The estimate for such delivery was \$3.10 per gallon for 10% ethanol gasoline and \$3.60 per gallon for 5% number 2 bio-diesel.

Discussion

There was one response from the advertisement to bidders, but they did not submit a bid due to volatility with the fuel market.

Currently each time the City is in need of fuel, the Fleet Services Superintendent contacts the three local gas suppliers and purchases fuel from the lowest priced company using a Purchase Order. The three local suppliers are Bosselman, Inc., Sapp Bros. Petroleum, Inc. and Aurora Co-op. These three local fuel suppliers were contacted to set a markup of \$0.015 over the rack price at the pipeline. Fuel will be purchased from the supplier with the lowest quote, using the negotiated formula shown below.

Price for fuel will be determined as follows:

Pipeline Price	\$xx.xx per gallon
Margin over rack price	\$0.015 per gallon
Freight (estimated)	\$0.017 per gallon

Fuel Surcharge (estimated) \$0.003 per gallon
Total Price

Freight fees and fuel surcharges will vary due to fuel cost and inflation, at this time fees are after taxes and environmental fees. Fuel will come from the Doniphan pipeline directly to the Fleet Services Facility. We will generally purchase close to 10,000 gallons of fuel per tanker load.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve Ordinance No. 9167 making the changes to fuel purchase and delivery.

Sample Motion

Move to approve changes to fuel purchase and delivery.

ORDINANCE NO. 9167

An ordinance to be read in conjunction with Chapter 27 of the Grand Island City Code; to provide for fuel purchases by Fleet Services in excess of \$20,000.00; and to provide for publication and the effective date of this ordinance.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. Fleet Services advertised for bids for fuel purchases expected to exceed \$20,000.00 and received no bids. A mark-up of \$0.015 per gallon of fuel has been negotiated with three local providers plus a reasonable delivery charge. For fuel purchases under \$20,000.00, Fleet Services shall follow the procurement code. Prior to every purchase in excess of \$20,000.00, quotes shall be solicited from three vendors based on the negotiated mark-up and reasonable delivery charge and purchased from the vendor with the lowest total quote. Different varieties of fuel may be purchased in the same tanker load provided that the fuel is purchased from the vendor with the lowest total price.

SECTION 2. Section 27 as existing prior to this amendment, and any ordinances or parts of ordinances in conflict herewith, are **not** repealed but are to be read in conjunction with this ordinance.

SECTION 3. The validity of any section, subsection, sentence, clause, or phrase of this ordinance shall not affect the validity or enforceability of any other section, subsection, sentence, clause, or phrase thereof.

SECTION 4. This ordinance shall be in force and take effect from and after its passage and publication, within fifteen days in one issue of the Grand Island Independent as provided by law.

ORDINANCE NO. 9167 (Cont.)

Enacted: April 22, 2008.

Attest:

Margaret Hornady, Mayor

RaNae Edwards, City Clerk