



# City of League City, TX

300 West Walker  
League City TX 77573

## Text File

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### Title

Consider and take action on a resolution authorizing a three-year agreement with Bay Oil Company for the purchase and delivery of fuel and petroleum products in an amount not to exceed \$2,500,000.

(Director of Public Works and Director of Finance)

### ..Background:

Approval of this resolution will authorize an agreement with Bay Oil Company for the purchase and delivery of unleaded and diesel fuels to three fueling locations within the City and the necessary lubricants for operating and maintaining fleet units for a three-year period beginning December 1, 2020 through November 30, 2023, with two (2) one-year renewal options.

On, September 29, 2020 the City issued a Request for Proposal (RFP) #20-FLEET-016 for this item. Six (6) responses were received on October 19, 2020 from: Bay Oil Company, Colonial Oil, MidTex Oil, Pinnacle Petroleum, Suncoast Resources and Sundance Fuel. Five of the six submittals met the qualifications outlined in the RFP, with Colonial Oil being declared non-responsive due to an inability to provide fuel tanks in an emergency. A four-member evaluation team comprised of City Staff (Assistant City Manager, Director of Public Works, Fleet Manager, and Fleet Service and Parts Lead) evaluated all proposals.

The qualified bidders were scored based on the following criteria:

- Pricing and Fees (lowest bid/other bid x 50 = Proposer's Price Score): 50 points
- Emergency Response Plan: 15 points
- References: 20 points
- Experience: 15 points

To ensure consistency, evaluations for Pricing, Fees, and References were completed by Purchasing Staff. References were evaluated based on comparable government agencies in the Gulf Coast Region, as well as responses from the references. Price for bulk fuel and diesel was evaluated based on the proposed price over OPIS + \$1.55/gallon (the average OPIS rate paid by the City over the previous three months).

Accumulative totals from four (4) committee members are as follows:

	Bay	MidTex	Pinnacle	Suncoast	Sundance
Scoring Criteria	<u>Oil</u>	<u>Oil</u>	<u>Petroleum</u>	<u>Resources</u>	<u>Fuel</u>
Pricing and Fees	198.7	176.6	98.9	160.3	193.3
Emergency Response Plan	57	48	54	36	48
References	80	64	48	80	32
Experience	<u>60</u>	<u>48</u>	<u>48</u>	<u>54</u>	<u>39</u>
Total Possible Points: 400	395.7	336.6	248.9	330.3	312.3

Of the five (5) qualified proposals, Bay Oil Company resulted in the highest overall scoring. MidTex Oil proposed the lowest price for fuel and diesel at \$542,612.03. Sundance Fuels submitted the lowest price for lubricants at \$22,830.78. When MidTex and Sundance prices are added together (\$565,442.81) they are **\$2,106.10** less than Bay Oil's entire proposal for fuel and lubricants (\$567,548.91). After thorough evaluation, Staff determined that it will be more advantageous to the City to award Bay Oil the entire contract versus awarding separate contracts for fuel and lubricants. Vendors were allowed to submit the cost for lubricants separately.

The three-year contract total is based on the three following components:

1. Fuel - pricing is determined on a daily basis by the Oil Price Information Service (OPIS). OPIS provides daily fuel pricing based on pertinent regional petroleum market influences. The average cost per gallon of \$1.95 for unleaded and \$2.09 for diesel is derived from the City's historical data from the past three years. These prices are utilized to calculate the contract value.

2. Delivery - the cost for delivery service is represented as a price per gallon above the OPIS market rate. Bay Oil proposes a cost of \$0.04 per gallon for orders over 2,000 gallons and \$0.14 per gallon for deliveries under 2,000 gallons for unleaded and diesel fuel. Comparative fuel delivery costs from other bidders are as follows:

Vendor	<u>Unleaded</u>		<u>Diesel</u>	
	<u>Over 2,000 gallons</u>	<u>Under 2,000 gallons</u>	<u>Over 2,000 gallons</u>	<u>Under 2,000 gallons</u>
Bay Oil	\$0.0400	\$0.1400	\$0.0400	\$0.1400
MidTex Oil	\$0.0345	\$0.1475	\$0.0345	\$0.1470
Pinnacle Petroleum	\$0.0345	\$1.3506	\$0.1334	\$1.7850
Suncoast Resources	\$0.0595	\$0.5000	\$0.0650	\$0.5000
Sundance	\$0.1600	\$0.3500	\$0.0900	\$0.4000

3. Lubricants - oil, grease, hydraulic fluid, aerosol lubricants, etc. for fleet vehicles and heavy equipment. Bay Oil submitted annual cost of \$23,052 X 3 years = \$69,156.

An amount of \$60,774 was added to the projected three-year contract value to address potential fuel price volatility.

The following costs represent the estimated three-year contract total:

Petroleum (unleaded & diesel)	\$2,028,722
Delivery Fee	\$ 90,531
Lubricants	\$ 69,156
Remote Locations (Generators)	<u>\$ 250,817</u>
Three-Year Total	\$2,439,226
Potential Fuel Price Volatility	<u>\$ 60,774</u>
Not to Exceed Total	\$2,500,000

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Agreement with Bay Oil Company
4. Evaluation Scoring Matrix Summary

FUNDING

{X} Funds are available in FY2021 from Motor Pool Fund. Funding in FY2021 totaling \$813,075 include \$462,735 to account 40103600-51455 Fuel Inventory Expense, \$149,038 to account 40103600-51457 Fuel Inventory Expense-FS #3, \$94,644 to account 40103600-51458 Fuel Inventory expense-FS #4 \$23,052 to account 10203600-52300 Vehicle Repair & Maintenance \$43,110 to account 10207500-51450 Wastewater Gas & Oil \$37,306 to account 10207300-51450 Water Gas & Oil \$2,074 to account 4400000-51450 Sportsplex Gas & Oil \$1,115 to account 3650000-51450 Facilities Gas & Oil The remaining \$1,686,925 will be split in FY2022 and FY2023.

STRATEGIC PLANNING

{X} Develop and Maintain Our Infrastructure

*Resolution No. 2020-171*

