



Report to: General Committee

Meeting Date: December 2, 2019

SUBJECT: Award of Tender for the Supply and Delivery of Unleaded Fuel (E10) and Biodiesel Fuel (B5 & B20) for a term of 5 years (2020-2024)

PREPARED BY: Raymond Law, Sr. Manager – Business, Fleet & Public Realm, Ext 4852
Melita Lee, Senior Buyer, Ext 2239

RECOMMENDATION:

1. That the report entitled “Award of Tender for the Supply and Delivery of Unleaded Fuel (E10) and Biodiesel Fuel (B5 & B20) for a term of 5 years (2020-2024); and,
2. That the contract for Tender 160-T-19 Supply and Delivery of Unleaded Fuel (E10) be awarded to the lowest priced bidder, Suncor Energy Products Partnership, in the estimated annual amount of \$489,039.00, inclusive of HST; and,
3. That the contract for Tender 160-T-19 Supply and Delivery of Biodiesel Fuel (B5 & B20) be awarded to the lowest priced bidder, Suncor Energy Products Partnership, in the estimated annual amount of \$369,522.00, inclusive of HST and,
4. That the term of the contract be 5 years (January 1, 2020 – December 31, 2024); and,
5. That the 2020 estimated costs of \$858,561.00 (\$489,039.00 + \$369,522.00) be funded from accounts as listed in the Financial Considerations section; and,
6. That the Purchase Order be adjusted in the future years up to the approved operating budget as approved by Council; and further,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

Not applicable.

PURPOSE:

The purpose of this report is to award the contract for the Supply and Delivery of Unleaded Fuel (E10) and Biodiesel Fuel (B5 & B20) for a term of 5 years (2020-2024).

BACKGROUND:

York Region, on behalf of the York Region Public Buyers Co-operative, issued a tender for the Supply & Delivery of Gasoline and Diesel Fuels, which closed on October 16, 2019. The participating agencies were:

The Regional Municipality of York
City of Richmond Hill
Town of Aurora
Town of East Gwillimbury
York Regional Police

City of Markham
City of Vaughan
Town of Newmarket
Town of Whitchurch-Stouffville

The tender requested pricing for the supply and delivery of the various fuel types, however, the City of Markham only utilizes Unleaded fuel (E10) and Biodiesel fuel (B5 & B20) for City vehicles and equipment.

Additionally, the pricing for this tender was based on Petro-Canada's Terminal Rack Pricing on Gasoline and Distillates for Resellers and Wholesale Customers for Toronto, on Friday, September 6, 2019. The daily rack rate is known as "daily posted rack" or "unbranded rack." The price is set each business day, effective the next day, for freight on board (FOB) or pick-up of product at terminals.

Bidders were requested to provide an adjustment (mark-up or discount) to the daily rack rate on September 6, 2019, which will remain the same throughout the term of the contract. However, the unit price of the fuel will fluctuate from day to day.

Tender Information (160-T-19 York Region Buyers Co-operative CRFT-201902)

Bid closed on	October 16, 2019
Number picking up bid document	9
Number responding to bid	5

Pricing Summary (Award to Suncor Energy Products Partnership)

	Unleaded Fuel (E10)	Biodiesel Fuel (B5 & B20)
Daily Rack Rate (As of Sept 6/19)	\$0.6700	\$0.7560
Fixed Mark-Up or Discount	-\$0.0339	-\$0.0509
Total Net Cost	\$0.6361	\$0.7051
Provincial Fuel Tax	\$0.147	\$0.143
Federal Excise Tax	\$0.10	\$0.04
Federal and Provincial Carbon Taxes*	\$0.0442	\$0.0537
Total Before HST	\$0.9273	\$0.9418
Total Incl. HST (1.0176%)	\$0.9436	\$0.9584
Estimated Annual Quantity (litres)	478,223	340,855
Bid Price	\$451,251.22	\$326,675. 43

* The Federal and Provincial Carbon taxes were effective as of April 1, 2019, with future increases effective as of April each year to 2022. Staff will continue to monitor the

opportunities expected in 2020 for municipalities through the Climate Action Incentive Program to offset the cost of this fuel charge.

Under this contract, the City will receive a discount of \$0.0339 per litre for Unleaded fuel (E10) and \$0.0509 for Biodiesel fuel (B5 & B20) off the daily rack rate. Compared to the previous contract, the City's discount has increased by \$0.033 per litre (\$0.0339 vs \$0.0009) for Unleaded fuel (E10) and an increased discount of \$0.0459 per litre (\$0.0509 vs \$0.005) for Bio-diesel fuel (B5 and B20).

FINANCIAL CONSIDERATIONS

2020 Budget and Award Amounts

	Unit price per litre (incl. HST)	Volume (litres)	Total
750-752-4300 Gasoline	1.023	478,223	\$ 489,039
750-752-4302 Diesel Fuel	1.084	340,855	\$ 369,522
Total		819,078	\$ 858,561

The price per litre quoted through the tender process is based on fuel prices at the time of bid issuance and are used for comparison purposes only. As fuel prices fluctuate throughout the year, the 2020 budget requirements were developed based on estimated 2020 fuel rates. Staff will continue to monitor fuel usage and rates on a monthly basis and report to Council through the year-to-date review of operations and year-end projection reports.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

The use of Unleaded fuel (E10) and Biodiesel fuels (B5 & B20) is aligned with the City's environmental strategic priorities. E10 fuel is the designation for petrol fuel that can contain up to 10 per cent bioethanol. Bioethanol in E10 is a substitute for fossil fuel and is more environmentally friendly as it reduces the greenhouse gas emissions by more than 70 per cent. Ethanol has the added benefit of providing a cleaning effect for fuel systems, a more complete combustion cycle, and reducing the build up of carbon deposits on internal components – allowing vehicles to run cleaner overall. Similarly, B5 and B20 are the designations for diesel fuel that can contain up to 5 or 20 per cent biodiesel by volume, respectively. Unlike fossil fuels, biodiesel is a renewable resource, made from animal and vegetable fat. Biodiesel is reported to reduce greenhouse gas emission by up to 78 per cent, produce less particulate matter, carbon monoxide, unburned hydrocarbons, and sulfur dioxide when used in place of diesel fuel. Biodiesel is not suitable for use in extremely cold temperatures as it will gel. For that reason B20 is used throughout the year except during the cold temperature months, when B5 is used.

RECOMMENDED BY:

Morgan Jones
Director, Operations

Brenda Librecz
Commissioner, Community & Fire
Services

ATTACHMENTS:

Not applicable.