



Report to: General Committee

Meeting Date: December 3, 2024

SUBJECT: Award of Tender 060-T-24 (CRFT 2024-01) for the Supply and Delivery of Unleaded Fuel (E10), #1 Ultra Low Sulphur Diesel and Biodiesel Fuel (B20) for a Five Year Term (2025 – 2029)

PREPARED BY: Steven Dollmaier, Sr. Manager – Roads & Fleet, Operations, Ext. 2275
Melita Lee, Senior Buyer, Ext. 2239

RECOMMENDATION:

- 1) That the report titled “Award of Tender 060-T-24 (CRFT 2024-01) for the Supply and Delivery of Unleaded Fuel (E10), #1 Ultra Low Sulphur Diesel Fuel and Biodiesel Fuel (B20) for a Five Year Term (2025 – 2029)” be received; and,
- 2) That the contract for Tender 060-T-24 (CRFT 2024-01) for the supply and delivery of unleaded fuel (E10) be awarded to the lowest priced bidder, Brown’s Fuels, in the estimated annual amount of \$839,887.40, inclusive of HST; and,
- 3) That the contract for Tender 060-T-24 (CRFT 2024-01) for the supply and delivery of #1 ultra low sulphur diesel fuel be awarded to the lowest priced bidder, Suncor Energy Products Partnership, in the estimated annual amount of \$259,778.40, inclusive of HST; and,
- 4) That the contract for Tender 060-T-24 (CRFT 2024-01) for the supply and delivery of biodiesel fuel (B20) be awarded to the lowest priced bidder, Brown’s Fuels, in the estimated annual amount of \$186,196.32, inclusive of HST; and,
- 5) That the term of the contract be five years (January 1, 2025 – December 31, 2029); and,
- 6) That the 2025 estimated costs of \$1,285,862.12 (\$839,887.40 + \$259,778.40 + \$186,196.32) be funded from accounts listed in the Financial Considerations section; and,
- 7) That the Purchase Order be adjusted in the future years up to the approved operating budget as adopted by Council; and further,
- 8) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to award the contract for the supply and delivery of unleaded fuel (E10), #1 ultra low sulphur diesel fuel and biodiesel fuel (B20) for a term of five years (2025-2029).

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 25, 2024. The participating agencies were:

- | | |
|-----------------------------------|--------------------------|
| The Regional Municipality of York | City of Markham |
| Town of Georgina | Town of East Gwillimbury |
| City of Richmond Hill | City of Vaughan |
| Town of Aurora | Town of Newmarket |
| Town of Whitchurch-Stouffville | York Regional Police |

The tender requested pricing for the supply and delivery of the various fuel types, however, the City of Markham only utilizes unleaded fuel (E10), #1 ultra low sulphur diesel fuel and biodiesel fuel (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 Thursday, September 12, 2024. 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 12, 2024, which will remain the same throughout the term of the contract. However, the unit price of the fuel will fluctuate from day to day.

OPTIONS/ DISCUSSION:

Tender Information (060-T-24 York Region Buyers Co-operative CRFT-2024-01)

Bid closed on	October 25, 2024
Number picking up bid document	10
Number responding to bid	7

Pricing Summary

	Unleaded Fuel (E10)	#1 Ultra Low Sulphur Diesel Fuel	Biodiesel Fuel (B20)
	Awarded to Brown's Fuels	Awarded to Suncor Energy Products Partnership	Awarded to Brown's Fuels
Daily Rack Rate (As of Sept 12/24)	\$1.2071	\$1.3169	\$1.2071
Fixed Mark-Up or Discount	-\$0.0820	-\$0.1011	-\$0.0990
Total Net Cost	\$1.1251	\$1.2158	\$1.1081
Provincial Fuel Tax*	\$0.0900	\$0.0900	\$0.0900
Federal Excise Tax**	\$0.1000	\$0.0400	\$0.0400
Federal and Provincial Carbon Taxes***	\$0.1431	\$0.1738	\$0.1738
Total Before HST	\$1.4582	\$1.5196	\$1.4119
Total Incl. HST (1.0176%)	\$1.4839	\$1.5463	\$1.4367
Estimated Annual Quantity (litres)	566,000	168,000	129,600
Bid Price	\$839,887.40	\$259,778.40	\$186,196.32

*For the provincial fuel taxes, effective July 1, 2022 until December 31, 2024, there are temporary tax cuts (with a proposed additional 6-month extension to June 30, 2025):

- the provincial gasoline tax rate for unleaded gasoline will be reduced from 14.7 cents per litre to 9.0 cents per litre, representing a cut of 5.7 cents per litre; and
- the provincial fuel tax rate for clear diesel (including blended) and biodiesel will be reduced from 14.3 cents per litre to 9.0 cents per litre, representing a cut of 5.3 cents per litre.

**The Federal Excise Tax shown is applicable from April 1, 2024 to March 31, 2025, with future increases effective as of April each year to 2030.

***As the City continues to electrify the City's fleet, carbon tax costs will be reduced further and the City may enroll in carbon credit trading to generate revenue to offset the cost of these fuel charges.

Under this contract, the City will receive a discount of \$0.0820 per litre for unleaded fuel (E10), \$0.1011 per litre for #1 ultra low sulphur diesel fuel and \$0.0990 for biodiesel fuel (B20) off the daily rack rate. Compared to the previous contract, the City's discount has increased by \$0.0481 per litre (\$0.0820 vs \$0.0339) for unleaded fuel (E10), and an increased discount of \$0.0481 per litre (\$0.0990 vs \$0.0509) for bio-diesel fuel (B20). #1 ultra low sulphur diesel fuel was not previously purchased through the York Region Co-op, therefore a comparison in discounts cannot be provided.

FINANCIAL CONSIDERATIONS

2025 Fuel Budget

Account Name	GL Account #	Budgeted Unit price per litre (incl. HST impact)	Volume (litres)	Total Cost
Gasoline	750-752-4300	\$ 1.269	594,244	\$ 754,096
Diesel	750-752-4302	\$ 1.398	318,638	\$ 445,456
Total			912,882	\$ 1,199,552

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 2025 budget requirements were developed based on 2024 fuel rates and projected usage. The projected budget shortfall from this award of \$86,310.12 (\$1,199,552 - \$1, 285,862.12) is based on estimated usage. If the budget shortfall comes to fruition, it will be reported as such as part of the 2025 year-end results of operations.

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. Staff will provide recommendations for increases to the fuel budget as part of the 2026 operating budget process.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

The use of Unleaded fuel (E10) and Biodiesel fuel (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 a 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, B20 is the designation for diesel fuel that can contain up to 20 per cent biodiesel by volume. 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 #1 ultra low sulphur diesel is used.

Ultra-low sulfur diesel fuel enables the application of advanced technologies to eliminate harmful pollutants. Catalytic converters and particle filters can be used to reduce NOx and PM emissions to almost zero levels. By using the ultra-low sulfur diesel fuel, light duty diesel vehicles will be able to fulfill the same severe emission regulations as light duty gasoline vehicles. Diesel engines are 20-40% more efficient than gasoline vehicles when using reduced sulfur diesel fuel.

BUSINESS UNITS CONSULTED AND AFFECTED:

Financial Services Department have been consulted in the preparation of this report.

RECOMMENDED BY:

Alice Lam, Director
Operations

Morgan Jones, Commissioner
Community Services

ATTACHMENTS:

Not applicable