



Report to: General Committee

Date Report Authored: December 22, 2014

SUBJECT: Award of Tender 229-T-14 Supply & Delivery of E10 Gasoline Fuel York Region Buyers Co-operative CRFT2014-07

PREPARED BY: Laurie Canning, Ext. 4896
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RECOMMENDATION:

- 1) THAT the report entitled “Award of Tender 229-T-14 Supply & Delivery of E10 Gasoline Fuel York Region Buyers Co-operative CRFT2014-07” be received;
- 2) AND THAT Tender 229-T-14 (York Region Buyers Co-operative CRFT2014-07) be awarded to the lowest priced bidder, Valero Energy Inc. in the estimated annual amount of \$414,817.99 inclusive of HST at a unit price of \$0.984 per litre;
- 3) AND THAT the term of the contract be 5 years (January 1, 2015 – December 31, 2019) beginning on the date of notification of award and budget approval;
- 4) AND THAT the 2014 estimated costs of \$414,817.99 be funded from account 700-752-4300 - gasoline;
- 5) AND THAT the Purchase Order be adjusted in the future years up to the approved operating budget as approved by Council;

And 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 Supply and Delivery of E10 Gasoline (Unleaded Equivalent).

BACKGROUND:

York Region, on behalf of the York Region Public Buyers Co-operative, issued a tender for the Supply and Delivery of Gasoline and Diesel Fuel, which closed on November 18, 2014. The other participating agencies were:

Regional Municipality of York
Town of Aurora
Town of Richmond Hill
York Region Police

City of Vaughan
Town of Newmarket
York Catholic District School Board
Town of Whitchurch-Stouffville

BID INFORMATION (E10 Fuel)

Advertised, place and date	ETN
Bids closed on	November 18, 2014
Number picking up bid documents	6
Number responding to bid	4*

*One bidder was disqualified by the Region under Section 1.7 of their contract.

The disqualified bidder qualified their bid submission. In particular the bidder had changed the indemnification, insurance and terms of payment clauses and added a statement that bid was based on the bidder being awarded 100% of the business for each fuel product being bid on.

PRICING SUMMARY (E10 Fuel)

	Valero Energy Inc.	Canada Clean Fuels Inc.	Alpha Oil Inc.
Daily Rack rate *	\$0.729	\$0.729	\$0.729
Fixed mark-up or discount **	-\$0.0009	\$0.00	\$0.04
Total Net Cost	\$0.72	\$0.729	\$0.769
Provincial Road Tax	\$0.147	\$0.147	\$0.147
Federal Excise Tax	\$0.10	\$0.10	\$0.10
Total	\$0.967	\$0.976	\$1.016
HST (1.0176)	\$0.984	\$0.993	\$1.034
Estimated Quantity (litres)	421,563	421,563	421,563
Bid Price	\$414,817.99	\$418,612.06	435,896.14

*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. Pricing for this tender was based on Petro-Canada’s Terminal Rack Pricing on Gasoline and Distillates for Resellers and Wholesale Customers, effective October 27th, 2014. Note: The City cost per litre on this day (Oct 27th) would have been \$0.984/l whereas; local gas stations prices were \$1.21 - \$1.23/litre

** The discount of \$0.0009/litre is fixed for the duration of the contract; however, the unit price of the fuel will fluctuate from day to day. Price increases or decreases shall be based on the daily terminal rack prices for Toronto.

FINANCIAL TEMPLATE:

	Unit price per litre (incl. HST)	Volume	Total
2014 Budget	\$1.162	401,341	\$ 466,358
2015 Proposed Budget	\$0.984	421,563	\$ 414,818
Increase/(Decrease)	(\$0.178)	20,222	(\$ 51,540)

The 2015 budget for E10 Gasoline is based on an annual estimated volume of 421,563 litres, which reflects a 3 year average actual volume. When the fuel contract was issued to the market on October 27th 2014, the rack rate was \$0.729/litre (exclusive of taxes). On January 16th, 2015 the rack rate was \$0.475/litre (exclusive of taxes), a reduction of 65.2%. Even though the price of fuel has decreased significantly over this time period, fuel prices have the potential to increase at any time. Therefore, Staff are proposing a 2015 budget of \$0.984/litre (including taxes) which results in a reduction of \$51,540 from the 2015 operating budget.

Staff will monitor the City's fuel usage on a monthly basis and report quarterly to Council through the Year to Date Review of Operations and Year end Projection reports.

Note: Under this award, Staff is seeking approval for E10 fuel only. The City has a separate contract in place for B5 & B20 Biodiesel fuel (approx. \$500,000/year) which is also utilized by City vehicles.

ENVIRONMENTAL CONSIDERATIONS:

E10 fuel is a more environmentally friendly fuel with the same characteristics as the regular unleaded fuel. The difference is that E10 is 10% ethanol and 90% unleaded gasoline whereas regular unleaded is 100% unleaded gasoline. It was estimated that 95% or more of the gas stations in Ontario are now using E10 as their product and regular unleaded is becoming less common. Ethanol cleans fuel systems and burns more completely, reducing the build-up of carbon deposits and providing long-term benefits. The E10 also produces less greenhouse gas emissions.

RECOMMENDED BY:

22/01/2015

1/23/2015

X 

Bob Nicholson
Acting Director, Operations

X 

Brenda Librecz
Commissioner, Community & Fire Services