



Report to: General Committee

Date Report Authored: November 26, 2013

SUBJECT: Contract Extension for the Supply & Delivery of E10 Gasoline with the York Region Buyers Co-operative CT-09-02
PREPARED BY: Laurie Canning, Manager, Fleet & Supplies, Ext. 4896
Patti Malone, Senior Buyer, Ext. 2239

RECOMMENDATION:

- 1) THAT the report entitled “Contract Extension for the Supply & Delivery of E10 Gasoline with the York Region Buyers Co-operative CT-09-02” be received;
- 2) THAT the contract for the supply & delivery of E10 Gasoline be extended to Valero Energy Inc. (formerly - Ultramar Ltd.) at a per litre rate of \$1.05/litre inclusive of all taxes (HST, Provincial Road Tax, Federal Excise Tax) based on the November 27th, 2013 daily rack price, totaling \$466,358, inclusive of all taxes;
- 3) THAT the contract term be for one (1) year effective January 1, 2014 through to December 31, 2014, subject to Council approval of the 2014 operating budget;
- 4) THAT the Tender process be waived in accordance with the Purchasing By-Law 2004-341, Part II, Section 7 Non Competitive Procurement item 1 (c), which states; “when the extension of an existing contract would prove more cost-effective or beneficial;”;
- 5) THAT the 2014 estimated cost of award be provided within the Operations Department Operating Budget for Gasoline, account 750-752-4300;

And 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 extend the contract for the supply and delivery of E10 Gasoline for a one (1) year period at the same 2010 itemized discount from daily rack rate price and as per original bid submission.

BACKGROUND:

In 2009, York Region, on behalf of the York Region Buyers Co-operative (“Co-op), issued a tender for the supply and delivery of gasoline and diesel fuel for three (3) years (2010 - 2012) with an option to renew for two (2) additional one (1) year terms (2013 & 2014) based on mutual agreement.

The participating agencies were:

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|-------------------------|-------------------------------------|
| • York Region | City of Vaughan |
| • Town of Aurora | Town of Newmarket |
| • Town of Richmond Hill | York Catholic District School Board |
| • York Region Police | City of Markham |

Markham Council have approved the award for a four (4) year period and under this report, Staff are seeking approval to extend the contract for the final year (Year 5) of the contract as per the original bid submission and at the same 2010 itemized discount from daily rack rate price.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

The contract for the supply & delivery of E10 gasoline will be awarded to Valero Energy Inc. (formerly - Ultramar Ltd.) at a per litre rate based on the daily rack less the discount of \$0.008/litre and plus HST, Provincial Road Tax and Federal Excise Tax. Based on the rack rate on November 27, 2013, Markham would pay \$1.05/litre inclusive of all taxes (HST, Provincial Road Tax, and Federal Excise Tax) for fuel delivery on this date.

The proposed 2014 budget is \$466,358, based an annual volume of 401,341 litres (estimate based on prior 3 year average historical volumes) and an average price of \$1.162 per litre. The award is based on the 2014 budget dollar amounts.

Note: Daily rack rate means - The price set each business day for freight on board (FOB) or pick-up of product at terminals from wholesalers.

Rack price is the price at which refineries sell gasoline and these rates will fluctuate daily and as such, the budget of \$1.162 per litre is based on an average price.

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Not applicable

EXECUTIVE SUMMARY:

Not applicable

RECOMMENDED BY:



**Paul Ingham,
Director, Operations**

11/28/2013

X 

Brenda Librecz
Commissioner, Community & Fire Services