

CITY OF GREAT FALLS, MONTANA

AGENDA # 24

AGENDA REPORT

DATE November 3, 2004

ITEM: GASOLINE AND DIESEL FUEL CONTRACT

INITIATED BY: PUBLIC WORKS DEPARTMENT

ACTION REQUESTED: AWARD BID

PRESENTED BY: JIM REARDEN, PUBLIC WORKS DIRECTOR

RECOMMENDATION:

Staff recommends that the City Commission award the bid for a three year gasoline and diesel fuel contract to Mountain View Co-Op for approximately \$446,775 per year.

MOTION:

I move that the City Commission award the bid for a three year gasoline and diesel fuel contract to Mountain View Co-Op for approximately \$446,775 per year.

SYNOPSIS:

The specifications were advertised three times in the Great Falls Tribune and mailed to five prospective bidders. The bids were opened on October 20, 2004 with no bidders responding. Staff contacted the current City fuel provider, Mountain View Co-Op, who had inadvertently failed to submit their bid. Since there were no bidders, the City was allowed to negotiate with the current supplier. Staff was able to negotiate a three year extension of the current fuel contract with Mountain View Co-Op. The profit margin of \$.05 per gallon negotiated by staff did not increase from the margin established in the 2001 fuel contract.

Staff estimates our annual fuel use to be 125,000 gallons of unleaded gasoline, 20,000 gallons of number one diesel and 105,000 gallons of number two diesel.

Fuel prices will, of course, fluctuate and the specifications ask for the particular index the supplier proposes to use to determine our cost changes. Mountain View Co-Op will use the Cenex wholesale price, and as the price paid by Mountain View Co-Op changes, our price will change by the same amount per gallon.

BACKGROUND:

Funds for the purchase of gasoline and diesel fuels are provided in individual department budgets. Central Garage tracks fuel usage and departments are billed for their actual use.

**FUEL PURCHASE
BID LIST**

1. Tolan Distributing, Inc.
2201 Vaughn Road
Great Falls, MT 59404

2. Best Oil Dist. Inc.
1115 Smelter Avenue
Great Falls, MT 59404

3. Mountain View Co-Op
1000 Smelter Avenue
Black Eagle, MT 59414

4. H-W Distributors, Inc.
5401 River Drive North
Great Falls, MT 59405

5. Kernaghans Service, Inc.
1504 9th Avenue North
Great Falls, MT 59401