

CITY OF GREAT FALLS, MONTANA

AGENDA # 12

AGENDA REPORT

DATE January 22, 2008

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 extend the gasoline and diesel fuel contract to Mountain View Co-Op for three year's at an annual cost of approximately \$680,000.

MOTION:

I move that the City Commission extend the gasoline and diesel fuel contract to Mountain View Co-Op for three year's at an annual cost of approximately \$680,000.

SYNOPSIS:

In 2004, bids were requested and received for the supply of fuel for City of Great Falls operations. A contract with Mountain View Co-Op was subsequently executed. Per the existing contract, the parties involved by mutual agreement can extend the contract for a period of three years. Staff was able to negotiate an extension of the current fuel contract with Mountain View Co-Op. The gross margin of \$.05 per gallon, which includes all of their overhead including delivery, did not increase from the margin established in the 2004 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.