

PURCHASING & LICENSING COMMITTEE

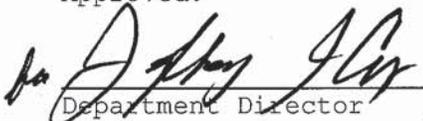
11-0620R

RESOLUTION AUTHORIZING AN INCREASE IN CONTRACT 20352 WITH INTER-CITY OIL COMPANY, INC., FOR BOTH BULK AND SERVICE STATION FUELS WITH DELIVERY SERVICE AS NEEDED IN 2011, BY AN AMOUNT OF \$340,000, FOR A NEW CONTRACT TOTAL OF \$1,420,000.

CITY PROPOSAL:

RESOLVED, that the increase to contract 20352 with Inter-City Oil Company, Inc., for both bulk and service station fuels as needed in 2011 is hereby approved for the amount \$40,000 (delivered bulk fuels) plus \$300,000 (service station fuels) for a total amount of \$340,000, payable from the Fleet Services Fund 660, Dept./Agency 015 (Administrative Services), Object 5212 (Motor Fuels).

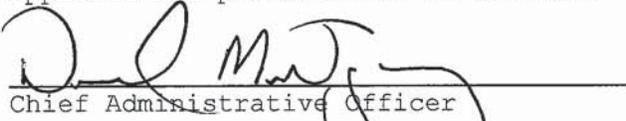
Approved:


Department Director

Purchasing Agent



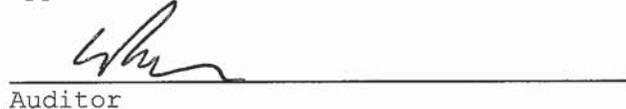
Approved for presentation to council:


Chief Administrative Officer

Approved as to form:


Attorney

Approved:


Auditor

FLEET/PRCH AH:DS:le 11/18/2011

STATEMENT OF PURPOSE: This resolution authorizes an increase to the existing contract with Inter-City Oil Company, Inc., for the purchase and delivery of both bulk and service station fuels for a total of \$340,000, payable from the fleet services fund. The increase is needed to cover increased usage.

Prior payments are listed below:

For	Amount	Issued	Authorized by council
Delivered bulk fuels	\$180,000	Purchase order 11-0073 issued January 26, 2011	11-0038R passed January 24, 2011
Service station fuels	\$900,000	Purchase order 11-0074 issued January 26, 2011	11-0038R passed January 24, 2011
Total prior payments	\$1,080,000		

The price is based upon a fixed constant of \$.06 cents per gallon for service station fuels and \$.15 per gallon for delivered bulk fuels. Total fuel usage can be broken down as follows: Service station fuels - 80% and delivered bulk fuels 20%. The bid constant is added to the Duluth daily rack average price plus taxes. The estimated price is based on usage from prior years.

The purchasing division posted a request for proposals in January 4, 2007, and received five proposals by the January 17, 2007, closing date. An internal committee evaluated all five proposals according to an established point system, and found that Inter-City Oil Company, Inc., had the best and most complete proposal. The company was awarded a one year contract with four one year renewal options. This is the final year of the contract.

Requisition Nos. 11-0073 (bulk) and 11-0074 (service station)