



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Simpson, Helgeson, Manning, Mital and Brown
FROM: Mike McCann, Generation & Fleet Manager; Gary Lentsch, Fleet Supervisor;
Sarah Gorsegner, Purchasing/Warehouse Supervisor
DATE: July 22, 2016
SUBJECT: Regional Fuel Supply Cooperative Contract Approval
OBJECTIVE: Board Approval

Issue

EWEB staff is recommending the award of two contracts for the purchase of fuel. The solicitation was developed in cooperation with ten other local, public agencies. EWEB's purchases under these contracts are estimated to be approximately \$3 million over five years.

Background

EWEB's vehicle fleet and power equipment requires a variety of fuels, (i.e. E85 (an ethanol-blended unleaded fuel), B5 bio-diesel, and R99 renewable diesel). EWEB fleet and purchasing staff realized that by cooperating with these other agencies on a single fuel contract we could leverage the volume of our collective fuel needs to deliver better, more competitive pricing.

In the spring of 2016, EWEB staff approached a number of local public agencies to begin collaborating on a new regional cooperative. EWEB staff accepted the lead role in the development of an Intergovernmental Agreement (IGA) to create the Greater Oregon Fleet Cooperative, a "joint cooperative" group. The IGA was vetted by the legal teams of each participating agency which permitted EWEB staff to then develop a cooperative solicitation for the purchase of fuel used by all participating agencies. During this process, the need for a secondary supplier was identified to provide redundancy and increase supply resiliency.

EWEB took the lead as the Administering Contracting Agency for the Greater Oregon Fleet Cooperative (GOFC). Other GOFC participants include the City of Eugene, Lane County Public Works, Lane Transit District, Lane County School District 4J, Bethel School District, Springfield School District, Springfield Utility Board, Emerald Public Utility District, the City of Corvallis, and Benton County Public Works.

Discussion

A formal Invitation to Bid was posted on June 16 and closed on July 12 calling for bidders to supply a variety of fuels which would be delivered in bulk to agency locations and also provide card-lock stations for those participating GOFc members traveling within the Pacific Northwest. Vendors submitted bids that were within .33% of each other. EWEB will realize an average reduction of \$.0698 per gallon over its current fuel contract and realize a savings of approximately \$12,000, annually. Based on the GOFc participating agencies estimated annual fuel use, the combined purchases under this cooperative agreement are estimated to be over \$24 million with projected annual savings of \$190,000 (\$950,000 over the five year contract).

This contract approval involves awarding two (2) contracts for fuel. One, with The Jerry Brown Company, Inc. as the primary supplier, and the other with Tyree Oil, Inc. as the secondary supplier. The secondary supplier is needed to in case of fuel shortages. Fuel will be supplied to EWEB on an as-needed basis. Historical procurement data predict EWEB's future spend will be approximately \$2,875,000 over the total five-year contract term. Each GOFc participating agency is responsible for entering into their own contracts, purchasing fuel and paying for their purchases.

Recommendation

Management requests the Board approve the following contracts for the purchase of transportation fuel:

- The Jerry Brown Company, Inc. of Eugene, OR as the primary supplier
- Tyree Oil, Inc. of Eugene, OR as the secondary supplier

Purchases will be based on actual needs and not on any specific annual quantity. Funds for purchases by EWEB are budgeted for in 2016 and are anticipated to be budgeted in the future.

Requested Board Action

Management requests approval of the Regional Fuel Supply Cooperative contracts with **The Jerry Brown Company, Inc.** and **Tyree Oil, Inc.**

EWEB Board Consent Calendar Request

For Contract Awards, Renewals, and Increases

The Board is being asked to approve contracts with **The Jerry Brown Company, Inc.** as the *primary supplier* and **Tyree Oil, Inc.** as the *secondary supplier* for purchasing transportation fuel through the Regional Fuel Supply Cooperative contract with Greater Oregon Fleet Cooperative.

Board Meeting Date: August 2, 2016
Project Name/Contract#: Regional Fuel Supply Cooperative
Primary Contact: Mike McCann Ext. 7379
Purchasing Contact: Collin Logan Ext. 7426

Action Requested:	
<input checked="" type="checkbox"/>	Contract Award
<input type="checkbox"/>	Contract Renewal
<input type="checkbox"/>	Contract Increase
<input type="checkbox"/>	Other

Contract Amount:
Original Contract Amount: \$2,875,000 (EWEB) over 5-years
Additional \$ Previously Approved: \$ N/A
Invoices over last approval: \$ N/A
Percentage over last approval: N/A %
Amount this Request: \$ See Original Contract Amount
Resulting Cumulative Total: \$ See Original Contract Amount

Funding Source:	
<input checked="" type="checkbox"/>	Budget
<input type="checkbox"/>	Reserves
<input type="checkbox"/>	New Revenue
<input type="checkbox"/>	Bonding
<input type="checkbox"/>	Other

Contracting Method:
Method of Solicitation: Invitation to Bid (ITB)
If applicable, basis for exemption: N/A
Term of Agreement: Three (3) years
Option to Renew? Yes, two (2) additional one (1) year agreements
Approval for purchases "as needed" for the life of the contract No

Form of Contract:	
<input type="checkbox"/>	Single Purchase
<input type="checkbox"/>	Services
<input type="checkbox"/>	Personal Services
<input type="checkbox"/>	Construction
<input type="checkbox"/>	IGA
<input checked="" type="checkbox"/>	Price Agreement
<input type="checkbox"/>	Other

Narrative:

The Board is being asked to approve contracts with **The Jerry Brown Company, Inc.** as the *primary supplier* and **Tyree Oil, Inc.** as the *secondary supplier* for purchasing transportation fuels including unleaded, ethanol-blended fuels, bio-diesel, and renewable diesel.

EWEB fleet vehicles and equipment require specific blends of fuel to operate, and other regional public agencies have similar requirements. EWEB fleet and purchasing staff realized that by cooperating with these other agencies on a single fuel contract we could leverage the volume of our collective fuel needs to deliver better, more competitive pricing. In the spring of 2016, EWEB developed an Intergovernmental Agreement with several other regional public agencies including the City of Eugene, Lane County, 4J, Springfield, and Bethel school districts, Lane Transit District, Springfield Utility Board, City of Corvallis, Benton County, and others to create and administer a cooperative procurement group named the Greater Oregon Fleet Cooperative (GOFC).

In June 2016, EWEB issued an Invitation to Bid for transportation fuels on behalf of the GOFC. Three (3) responses were received from The Jerry Brown Company, Inc. of Eugene, OR; Tyree Oil, Inc. of Eugene, OR; and Carson Oil Company of Portland, OR. The Jerry Brown Company, Inc. was determined to be the lowest responsive and responsible bidder. Tyree Oil, Inc. was determined to be the next-lowest responsive and responsible bidder.

Historical procurement data predicts EWEB's future spend will be approximately \$2,875,000 (\$24,035,000 for GOFC members) over the total five-year contract term. Purchases will be based on need and not on any specific annual quantity. The contract is for three (3) years with the option to renew for two (2) additional one-year periods.

ACTION REQUESTED:

Management requests the Board approve two contracts: one with **The Jerry Brown Company, Inc.** and a second with **Tyree Oil, Inc.** as the *primary supplier* and *secondary supplier*, respectively, for the purchase of transportation related fuel for the Utility and the Greater Oregon Fleet Cooperative's needs. Funds for purchases by EWEB are budgeted for in 2016 and will be budgeted annually as operation expense.

SIGNATURES:

Project Coordinator: _____

LT Manager: _____

Purchasing Manager: _____

General Manager: _____

Board Approval Date: _____

Secretary/Assistant Secretary verification: _____