



Detroit Water and Sewerage Department

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Legislation Text

File #: 19-00300, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve **DWSD's portion of the City of Detroit's contracts with Corrigan Oil Co. No II and Ace Petroleum Inc for the as-needed purchase of unleaded and diesel fuel for a total amount not-to-exceed \$4,889,000 over a term of 5 years**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of December 18, 2019

Item No. 19-00300

Contract No. 6002411

Contractor: Corrigan Oil Co. No II

Contractor Address: 11800 Pleasant Street, Detroit, MI 48217

Contract Portion: \$672,000 for delivery to the West Yard location

Contract No. 6002415

Contractor: Ace Petroleum Inc

Contractor Address: 18263 West McNichols, Detroit, MI 48219

Contract Portion: \$4,217,000 for delivery to the Central Services Facility

Term for each Contract: 01/01/2020 - 12/31/2024 (5 years)

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Detroit Water and Sewerage Department

**RE: Proposed encumbrances against CoD Contract Nos. 6002411 and 6002415
For the purchase of fuel for DWSD from Corrigan Oil and Ace Petroleum**

MOTION

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to approve **DWSD's portion of the City of Detroit's contracts with Corrigan Oil Co. No II and**

Ace Petroleum Inc for the as-needed purchase of unleaded and diesel fuel for a total amount not-to-exceed \$4,889,000 over a term of 5 years, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND & JUSTIFICATION

DWSD utilizes the City-wide contract managed by the City of Detroit (CoD) for the purchase of diesel and unleaded fuel. The current contract has been in place for eight (8) years at a cost of \$104,925,110 of which DWSD was also included.

CoD recently issued a competitive solicitation for a new contract that also included DWSD's fuel requirements within the scope of the solicitation. The new contracts are a total of \$85,000,000. DWSD has an approximate 5% share of this total volume and so, benefits from the volume pricing obtained by CoD to fuel DWSD vehicles and equipment used to carry out tasks in its daily operations.

Based on historical information, the anticipated annual usage of fuel used by DWSD is:

- 324,898 gallons per year
 - Unleaded: total 107,459 gallons per year (~ 6% of overall contract)
 - West Yard location: 16,820 gallons
 - Central Services Facility: 90,639 gallons
 - Diesel: total 217,439 gallons per year (~ 5% of overall contract)
 - West Yard location: 28,190 gallons
 - Central Services Facility: 189,249 gallons

PROCUREMENT METHOD

The City of Detroit (CoD) advertised a Request for Proposals (RFP) #19LC2881 on BidSync for a period of 20 calendar days, which was viewed by 37 vendors.

Three proposals were received:

Proposer	Equalizations Applied
Ace Petroleum (Detroit, MI)	DBB
Corrigan Oil (Detroit, MI)	DBB & D-HB
Waterfront Petroleum (Detroit, MI)	DBB, D-HB, D-RB, D-SB

The proposal evaluators included stakeholders from major City of Detroit entities including GSD, DDOT, and DWSD. After a series of presentations from the vendors and internal team evaluations, it was determined that the best course of action for the City of Detroit is to split up the award equitably amongst all three respondents and to assign each of the three contracts to deliver to specific locations. DWSD was assigned the contracts with Corrigan Oil and Ace Petroleum.

Negotiations were performed by the City of Detroit's Office of Central Purchasing with all three vendors and

rates have been set, over the five year term, to:

\$0.0903 per gallon over the OPIS rate of the day for diesel

\$0.0747 per gallon over the OPIS rate of the day for unleaded petroleum

Therefore, DWSD is requesting BOWC approval to utilize the City of Detroit contracts with Corrigan Oil and Ace Petroleum for the as-needed purchase of fuel.

SUMMARY

A. West Yard Contract No.:	6002411
B. West Yard Contractor:	Corrigan Oil Co. No II
C. West Yard Contract Portion:	\$672,000
D. Central Services Facility Contract No.:	6002415
E. Central Services Facility Contractor:	Ace Petroleum Inc
F. Central Services Facility Contract Portion:	\$4,217,000
G. Contracts Term:	01/01/2020 - 12/31/2024 (5 years)
H. Fiscal Year Breakdown:	FY 19-20: \$977,800
	FY 20-21: \$977,800
	FY 21-22: \$977,800
	FY 20-21: \$977,800
	FY 21-22: \$977,800
I. Funding Source:	O&M Funds
J. GL String:	5720-20276-487631-624116-001688-10732-0000-000000 - 100%

These proposed contracts were presented to the DWSD Finance Sub Committee on December 4, 2019. The City of Detroit sent the items to Post-FRC on October 7, 2019 and Detroit City Council is expected to approve them during the December recess. Per the DWSD Procurement Policy, once Board of Water Commissioners and City Council approvals are received, all necessary approval requirements will have been met.