

RESOLUTION NO. 2019-2

AUTHORIZING CONTRACT NO. 2018-124 WITH PORTS PETROLEUM CO. INC., FOR THE FURNISHING OF APPROXIMATELY 7,245,000 GALLONS OF ULTRA LOW SULFUR DIESEL FUEL, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF THREE YEARS, AT A PRICE OF MINUS \$.0307/GALLON BELOW OPIS INDEX FOR YEAR 1, MINUS \$.0328/GALLON BELOW OPIS INDEX FOR YEAR 2, AND MINUS \$.0281/GALLON BELOW OPIS INDEX FOR YEAR 3 (GENERAL FUND, FLEET MANAGEMENT DEPARTMENT BUDGET)

WHEREAS, the Authority has a need for ultra-low sulfur diesel fuel to power its revenue vehicles; and

WHEREAS, the bid of Ports Petroleum Co. Inc., with offices located at 1337 Blachleyville Road, Wooster, OH 44691, for the furnishing of approximately 7,245,000 gallons of diesel fuel, as specified and required, for a period of three years was received on November 20, 2018; and

WHEREAS, the Interim CEO, General Manager/Secretary-Treasurer deems the bid of Ports Petroleum Co. Inc. to be the lowest responsive bid from a responsible bidder and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the bid of Ports Petroleum Co. Inc., for the furnishing of ultra-low sulfur diesel fuel, as specified and as required, for a period of three years, be and the same is hereby accepted.

Section 2. That the Interim CEO, General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with Ports Petroleum Co. Inc., for the furnishing of approximately 7,245,000 gallons of diesel fuel, as specified and as required, for a period of three years.

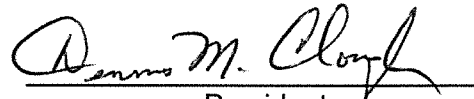
Section 3. That said contract shall be payable from the General Fund, Fleet Management Department budget. The cost of the ultra-low sulfur diesel fuel will fluctuate daily depending on the Oil Price Information Service ("OPIS") index.


Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon funding for future years, compliance by the contractor with the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2015-076; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Ports Petroleum Co. Inc., will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: January 15, 2019

  
\_\_\_\_\_  
President

Attest:   
\_\_\_\_\_  
Interim CEO, General Manager/Secretary-Treasurer



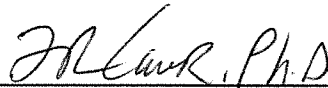
<b>TITLE/DESCRIPTION:</b> <b>CONTRACT: FURNISHING OF ULTRA LOW SULFUR DIESEL FUEL, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF THREE (3) YEARS</b>  <b>VENDOR: PORTS PETROLEUM CO, INC.</b>  <b>AMOUNT: MINUS \$.0307/GALLON BELOW OPIS INDEX FOR YEAR 1, MINUS \$.0328/GALLON BELOW OPIS INDEX FOR YEAR 2, AND MINUS \$.0281/GALLON BELOW OPIS INDEX FOR YEAR 3</b>	<b>Resolution No.:</b> 2019-2
	<b>Date:</b> January 10, 2019
	<b>Initiator:</b> Fleet Management Department
<b>ACTION REQUEST:</b> <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for the furnishing of ultra-low sulfur diesel fuel, as specified and as required, for a period of three years.
- 2.0 **DESCRIPTION/JUSTIFICATION:** Ultra low sulfur diesel fuel is required to power the Authority's revenue vehicles.
- 3.0 **PROCUREMENT BACKGROUND:** The Invitation for Bid ("IFB") was posted on the GCRTA Procurement web site and advertised in the local newspapers. Eighteen interested parties downloaded the solicitation package. Eight bids were received on November 20, 2018 as identified in Attachment A – Diesel Fuel Bid Summary. In addition, Attachment A identifies the estimated dollar value of the fuel taxes the Authority is required to pay. The Authority has adopted an Energy Risk Management Policy & Strategy to better manage its fuel cost due to the volatile fuel market. As part of the Energy Risk Management Policy & Strategy, the Authority plans to price the delivery of its diesel fuel requirements on the Oil Price Information Services ("OPIS") average daily rate. The bid price reflects the cost of the OPIS average daily fuel cost billed the day the fuel is ordered.  
  
 The Procurement Department has determined the bid of Ports Petroleum Co., Inc. for both the tanker load and less than a tanker load to be a responsive bid from a responsible bidder.
- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of certified DBE firms.
- 5.0 **POLICY IMPACT:** Does not apply.
- 6.0 **ECONOMIC IMPACT:** This procurement will be funded through the General Fund, Fleet Management Department budget. The cost of the ultra-low sulfur diesel fuel will fluctuate daily depending on the OPIS index. The proposed budget of ultra-low sulfur diesel fuel for the base year is forecasted at \$2.57 per gallon. The anticipated usage of ultra-low sulfur diesel fuel for the term of this contract is 2,415,000 gallons for each of the three years.

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- 7.0 ALTERNATIVES: Reject all bids. Rejection of this bid would significantly impact the Authority's ability to provide diesel fuel to the Authority's revenue vehicles, which would significantly affect the Authority's ability to serve its customers.
- 8.0 RECOMMENDATION: This purchase was discussed by the Board of Trustees at the January 8, 2019 Organizational, Services & Performance Monitoring Committee meeting. It is recommended that the bid of Ports Petroleum Co. Inc., be accepted and the resolution passed authorizing the Interim CEO, General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A - Diesel Fuel Bid Summary

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



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Interim CEO, General Manager/Secretary-Treasurer

Attachment A - Diesel Fuel Bid Summary

Year	Estimated OPIS Per Gallon Price	Estimated Yearly Usage	Full Load Gallons (5001 Gallons or More)	Less than full load Gallons (Less Than 5001 Gallons)	TAXES			
					Federal LUST Fee	Federal MF Environmental Fee DSL	Ohio Excise Tax	
2019	\$ 2.57	2,415,000	2,315,000	100,000	\$ 0.0010	\$ 0.0019	\$ 0.2800	
2020	\$ 2.70	2,415,000	2,315,000	100,000				
2021	\$ 2.84	2,415,000	2,315,000	100,000				
					<b>Total Taxes per gallon</b>	<b>\$ 0.2894</b>		

Bidder	Year	Full Load OPIS Differential	Full load Price	Less than Full Load OPIS Differential	Less than Full load Price	Estimated Yearly Fuel Total Price	Taxes	Total	
Ports Petroleum	2019	\$ (0.0307)	\$ 5,878,479.50	\$ (0.0307)	\$ 253,930.00	\$ 6,132,409.50	\$ 698,901.00	\$ 6,831,310.50	
	2020	\$ (0.0328)	\$ 6,174,544.85	\$ (0.0328)	\$ 266,719.00	\$ 6,441,263.85	\$ 698,901.00	\$ 7,140,164.85	
	2021	\$ (0.0281)	\$ 6,509,548.50	\$ (0.0281)	\$ 281,190.00	\$ 6,790,738.50	\$ 698,901.00	\$ 7,489,639.50	
							<b>\$ 19,364,411.85</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,461,114.85</b>

RKA Petroleum Co.	2019	\$ (0.0297)	\$ 5,880,794.50	\$ (0.0307)	\$ 253,930.00	\$ 6,134,724.50	\$ 698,901.00	\$ 6,833,625.50	
	2020	\$ (0.0278)	\$ 6,186,143.00	\$ (0.0278)	\$ 267,220.00	\$ 6,453,363.00	\$ 698,901.00	\$ 7,152,264.00	
	2021	\$ (0.0268)	\$ 6,512,558.00	\$ (0.0268)	\$ 281,320.00	\$ 6,793,878.00	\$ 698,901.00	\$ 7,492,779.00	
							<b>\$ 19,381,965.50</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,478,668.50</b>

Mansfield Oil	2019	\$ (0.0217)	\$ 5,899,314.50	\$ 0.0241	\$ 259,410.00	\$ 6,158,724.50	\$ 698,901.00	\$ 6,857,625.50	
	2020	\$ (0.0197)	\$ 6,204,894.50	\$ 0.0225	\$ 272,246.00	\$ 6,477,140.50	\$ 698,901.00	\$ 7,176,041.50	
	2021	\$ (0.0165)	\$ 6,536,402.50	\$ 0.2493	\$ 308,930.00	\$ 6,845,332.50	\$ 698,901.00	\$ 7,544,233.50	
							<b>\$ 19,481,197.50</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,577,900.50</b>

Great Lakes Petroleum	2019	\$ (0.0050)	\$ 5,937,975.00	\$ 0.0950	\$ 266,500.00	\$ 6,204,475.00	\$ 698,901.00	\$ 6,903,376.00	
	2020	\$ (0.0050)	\$ 6,238,925.00	\$ 0.0950	\$ 279,500.00	\$ 6,518,425.00	\$ 698,901.00	\$ 7,217,326.00	
	2021	\$ (0.0050)	\$ 6,563,025.00	\$ 0.0950	\$ 293,500.00	\$ 6,856,525.00	\$ 698,901.00	\$ 7,555,426.00	
							<b>\$ 19,579,425.00</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,676,128.00</b>

Attachment A - Diesel Fuel Bid Summary

Year	Estimated OPIS Per Gallon Price	Estimated Yearly Usage	Full Load Gallons (5001 Gallons or More)	Less than full load Gallons (Less Than 5001 Gallons)	TAXES		
					Federal LUST Fee	Federal MF Environmental Fee DSL	Ohio Excise Tax
2019	\$ 2.57	2,415,000	2,315,000	100,000	\$ 0.0010	\$ 0.0019	\$ 0.2800
2020	\$ 2.70	2,415,000	2,315,000	100,000			
2021	\$ 2.84	2,415,000	2,315,000	100,000			
					<b>Total Taxes per gallon</b>	<b>\$ 0.2894</b>	

Bidder	Year	Full Load OPIS Differential	Full load Price	Less than Full Load OPIS Differential	Less than Full load Price	Estimated Yearly Fuel Total Price	Taxes	Total	
Lykins Energy Solution	2019	\$ 0.0089	\$ 5,970,153.50	\$ 0.0089	\$ 257,890.00	\$ 6,228,043.50	\$ 698,901.00	\$ 6,926,944.50	
	2020	\$ 0.0089	\$ 6,271,103.50	\$ 0.0089	\$ 270,890.00	\$ 6,541,993.50	\$ 698,901.00	\$ 7,240,894.50	
	2021	\$ 0.0089	\$ 6,595,203.50	\$ 0.0089	\$ 284,890.00	\$ 6,880,093.50	\$ 698,901.00	\$ 7,578,994.50	
							<b>\$ 19,650,130.50</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,746,833.50</b>

Petroleum Traders	2019	\$ 0.0030	\$ 5,956,495.00	0.003	\$ 257,300.00	\$ 6,213,795.00	\$ 698,901.00	\$ 6,912,696.00	
	2020	\$ 0.0060	\$ 6,264,390.00	0.006	\$ 270,600.00	\$ 6,534,990.00	\$ 698,901.00	\$ 7,233,891.00	
	2021	\$ 0.0090	\$ 6,595,435.00	0.009	\$ 284,900.00	\$ 6,880,335.00	\$ 698,901.00	\$ 7,579,236.00	
							<b>\$ 19,629,120.00</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,725,823.00</b>

Guttman Energy	2019	\$ 0.0290	\$ 6,016,685.00	\$ 0.0290	\$ 259,900.00	\$ 6,276,585.00	\$ 698,901.00	\$ 6,975,486.00	
	2020	\$ 0.0290	\$ 6,317,635.00	\$ 0.0290	\$ 272,900.00	\$ 6,590,535.00	\$ 698,901.00	\$ 7,289,436.00	
	2021	\$ 0.0290	\$ 6,641,735.00	\$ 0.0290	\$ 286,900.00	\$ 6,928,635.00	\$ 698,901.00	\$ 7,627,536.00	
							<b>\$ 19,795,755.00</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,892,458.00</b>

Musket	2019	\$ 0.0200	\$ 5,995,850.00	\$ 0.0200	\$ 259,000.00	\$ 6,254,850.00	\$ 698,901.00	\$ 6,953,751.00	
	2020	\$ 0.0200	\$ 6,296,800.00	\$ 0.0200	\$ 272,000.00	\$ 6,568,800.00	\$ 698,901.00	\$ 7,267,701.00	
	2021	\$ 0.0200	\$ 6,620,900.00	\$ 0.0200	\$ 286,000.00	\$ 6,906,900.00	\$ 698,901.00	\$ 7,605,801.00	
							<b>\$ 19,730,550.00</b>	<b>\$ 2,096,703.00</b>	<b>\$ 21,827,253.00</b>