

RESOLUTION NO. 2022-16

AUTHORIZING CONTRACT NO. 2021-188 WITH PORTS PETROLEUM CO., INC., FOR THE FURNISHING OF APPROXIMATELY 6,000,000 GALLONS OF ULTRA LOW SULFUR DIESEL FUEL, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF THREE YEARS, AT A PRICE OF \$.0223/GALLON BELOW OPIS INDEX FOR YEAR 1, \$.0223/GALLON BELOW OPIS INDEX FOR YEAR 2, AND \$.0223/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 (ULSDF) 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 6,000,000 gallons of ULSDF, as specified and required, for a period of three years was received on January 19, 2022; and

WHEREAS, the General Manager, Chief Executive Officer 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 (ULSDF), as specified and as required, for a period of three years, be and the same is hereby accepted.

Section 2. That the General Manager, Chief Executive Officer of the Authority be and she is hereby authorized to enter into a contract with Ports Petroleum Co., Inc., for the furnishing of approximately 6,000,000 gallons of ULSDF, 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 ULSDF will fluctuate daily depending on the Oil Price Information Service (OPIS) index. The proposed budget for the base year delivery of ULSDF is forecasted at \$2.15 per gallon or \$4,300,000.00. The cost per gallon will be \$.0223/gallon below OPIS index for year 1, \$.0223/gallon below OPIS index for year 2 and \$.0223/gallon below OPIS index for year 3. The anticipated usage for the term of this contract is 2,000,000 gallons per year.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon future funding, compliance by the contractor with the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees; 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: February 15, 2022



President

Attest:



Secretary/Treasurer


TITLE/DESCRIPTION: CONTRACT: FURNISHING OF ULTRA LOW SULFUR DIESEL FUEL, AS SPECIFIED AND AS REQUIRED, FOR A PERIOD OF THREE YEARS VENDOR: PORTS PETROLEUM CO., INC. AMOUNT: \$.0223/GALLON BELOW OPIS INDEX FOR YEAR 1, \$.0223/GALLON BELOW OPIS INDEX FOR YEAR 2, \$.0223/GALLON BELOW OPIS INDEX FOR YEAR 3	Resolution No.: 2022-16
	Date: February 10, 2022
	Initiator: Fleet Management Department
ACTION REQUEST: <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. Nineteen interested parties downloaded the solicitation package. Six responsive bids were received on January 19, 2022 as identified in Attachment A – ULSDF 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 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.

 A price analysis has been performed and the Procurement Department has determined the bid of Ports Petroleum Co., Inc. 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 ULSDF will fluctuate daily depending on the Oil Price Information Service (OPIS) index. The proposed budget of ULSDF for the base year is forecasted at \$2.15 per gallon. The anticipated usage of ULSDF for the term of this contract is as follows: Year 1 – 2,000,000 gallons, Year 2 – 2,000,000 gallons, and Year 3 – 2,000,000 gallons.

- 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 service its customers.
- 8.0 RECOMMENDATION: This purchase was discussed by the Organizational, Services & Performance Monitoring Committee at the February 1, 2022 meeting. It is recommended that the bid of Ports Petroleum Co., Inc. be accepted and the resolution passed authorizing the General Manager, Chief Executive Officer to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A- Ultra Low Sulfur Diesel Fuel Bid Summary

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



General Manager, Chief Executive Officer

Attachment A - ULSDF Bid Summary

Estimated OPIS Per Gallon Price		Estimated Yearly Usage	TAXES	
Year			Federal LUST Fee	\$ 0.00100
2022	\$ <u>2.15</u>	2,000,000	Federal MF Environmental Fee DSL	\$ 0.00214
2023	\$ <u>2.21</u>	2,000,000	Ohio Excise Tax	\$ 0.47000
2024	\$ <u>2.27</u>	2,000,000	Ohio Diesel Petroleum Activity Tax	\$ 0.01410
			Total Taxes per gallon	\$ 0.48724

Bidder	Year	Full Load OPIS Differential	Estimated Yearly Fuel Total Price	Taxes	Total
Ports Petroleum	2022	\$ (0.0223)	\$ 4,255,400.00	\$ 974,480.00	
	2023	\$ (0.0223)	\$ 4,375,400.00	\$ 974,480.00	
	2024	\$ (0.0223)	\$ 4,495,400.00	\$ 974,480.00	
			\$13,126,200.00	\$2,923,440.00	\$16,049,640.00
Guttman Energy	2022	\$ (0.0150)	\$ 4,270,000.00	\$ 974,480.00	
	2023	\$ (0.0150)	\$ 4,390,000.00	\$ 974,480.00	
	2024	\$ (0.0150)	\$ 4,510,000.00	\$ 974,480.00	
			\$13,170,000.00	\$2,923,440.00	\$16,093,440.00
Mansfield Oil	2022	\$ 0.0058	\$ 4,311,600.00	\$ 974,480.00	
	2023	\$ 0.0090	\$ 4,438,000.00	\$ 974,480.00	
	2024	\$ 0.0122	\$ 4,564,400.00	\$ 974,480.00	
			\$13,314,000.00	\$2,923,440.00	\$16,237,440.00
Petroleum Traders	2022	\$ 0.0116	\$ 4,323,200.00	\$ 974,480.00	
	2023	\$ 0.0166	\$ 4,453,200.00	\$ 974,480.00	
	2024	\$ 0.0216	\$ 4,583,200.00	\$ 974,480.00	
			\$13,359,600.00	\$2,923,440.00	\$16,283,040.00

Estimated OPIS Per Gallon Price		Estimated Yearly Usage	TAXES	
Year				
2022	\$ 2.15	2,000,000	Federal LUST Fee	\$ 0.00100
2023	\$ 2.21	2,000,000	Federal MF Environmental Fee DSL	\$ 0.00214
2024	\$ 2.27	2,000,000	Ohio Excise Tax	\$ 0.47000
			Ohio Diesel Petroleum Activity Tax	\$ 0.01410
			Total Taxes per gallon	\$ 0.48724

Bidder	Year	Full Load OPIS Differential	Estimated Yearly Fuel Total Price	Taxes	Total
Colonial Oil	2022	\$ 0.0201	\$ 4,340,200.00	\$ 974,480.00	
	2023	\$ 0.0211	\$ 4,462,200.00	\$ 974,480.00	
	2024	\$ 0.0221	\$ 4,584,200.00	\$ 974,480.00	
			\$ 13,386,600.00	\$ 2,923,440.00	\$ 16,310,040.00
Gladieux Trading & Marketing	2022	\$ 0.0287	\$ 4,357,400.00	\$ 974,480.00	
	2023	\$ 0.0322	\$ 4,484,400.00	\$ 974,480.00	
	2024	\$ 0.0357	\$ 4,611,400.00	\$ 974,480.00	
			\$ 13,453,200.00	\$ 2,923,440.00	\$ 16,376,640.00