



The Corporation of the Municipality of Arran-Elderslie

Staff Report

Council Meeting Date: August 14, 2023

Subject: SRW.23.15 Award Fuel Tender

Report from: Scott McLeod, Public Works Manager

Appendices: None

Recommendation

Be It Resolved that Council hereby,

1. Award the 2023 Fuel Tender to MacDonnell Fuels Ltd. for the supply and delivery of fuel for the rack price as follows:
 - i. Arran Shop – 205 Mill Street Tara
 - Dyed Diesel
 - Clear Diesel
 - Gasoline
 - ii. Elderslie Shop – 1921 Bruce Road 10, Chesley
 - Dyed Diesel
 - Clear Diesel
 - iii. Paisley Shop – 281 Alma St, Paisley
 - Dyed Diesel
 - Clear Diesel, and;
2. Directs Staff to enter into a contract with MacDonnell Fuels Ltd., for a three (3) year term with the option to extend the contract to a maximum of five (5) years for the supply and delivery of fuel.

Report Summary

The intent of this report is for Council to award the 2023 fuel tender to MacDonnell Fuels Ltd.

Background

Bruce County provided lower tiered municipalities in the County with the opportunity to join in on the tender process for the Supply and Delivery of Various Fuel Products in an effort to obtain competitive pricing to support municipal fuel needs. Arran-Elderslie, along with the Municipality of Kincardine partnered with Bruce County. The tender period opened on June 1, 2023 and closed on July 11, 2023.

Analysis

The rack price of fuel is the price at which refineries sell fuel to their various clients. This fuel tender was based off the rack price at the time the tender was issued. From the rack price, retailers add their delivery and other overhead costs to the rack price which forms the unit price per litre exclusive of HST. This cost will fluctuate based on daily changes to the rack price but the delivery and overhead costs will remain the same for the length of the contract. The tendered price also includes the supply and installation of a loaner tank for each fuel type required at each location.

The pricing is valid for a three (3) year term with an option to extend the contract to five (5) years.

The following chart highlights the delivery and overhead costs as well as the total unit price per litre exclusive of HST. The proposal includes only the bulk tanks that we currently have in place. Gasoline for the Chesley and Paisley areas is purchased through the local gas station and those arrangements will remain in place.

	Rack price at time of Tender	Atlantic Petroleum & Mineral Resources, Inc		MacDonnell Fuels Ltd.		McDougall Energy Inc.		UPI Energy FS	
		Delivery & OH Costs	Total Unit Price per Litre	Delivery & OH Costs	Total Unit Price per Litre	Delivery & OH Costs	Total Unit Price per Litre	Delivery & OH Costs	Total Unit Price per Litre
Arran Shop 205 Mill Road Tara (Invermay)									
Diesel Clear	\$1.12	\$1.26	\$2.47	\$0.00	\$1.21	\$0.00	\$1.21	\$0.07	\$1.28
Diesel Dyed	\$1.12	\$0.98	\$2.10	\$0.00	\$1.12	\$0.00	\$1.12	\$0.07	\$1.19
Gasoline	\$1.29	\$1.28	\$2.57	\$0.00	\$1.29	\$0.00	\$1.29	\$0.07	\$1.36
Elderslie Shop 1921 Bruce Road 10 Chesley									
Diesel Clear	\$1.12	\$1.12	\$2.33	\$0.00	\$1.21	\$0.00	\$1.21	\$0.07	\$1.28
Diesel Dyed	\$1.12	\$1.21	\$2.33	\$0.00	\$1.12	\$0.00	\$1.12	\$0.07	\$1.19
Paisley Shop 281 Alma St. Paisley									
Diesel Clear	\$1.12	\$1.66	\$2.87	\$0.00	\$1.21	\$0.00	\$1.21	\$0.07	\$1.28
Diesel Dyed	\$1.12	\$3.25	\$4.37	\$0.00	\$1.12	\$0.00	\$1.12	\$0.07	\$1.19

MacDonnell Fuels Ltd and McDougall Energy Inc. both provided equal pricing, proposing to only charge the rack price with no additional delivery or overhead expenses.

Currently, MacDonnell Fuels Inc. provides clear diesel, dyed diesel and gasoline for the Arran Shop. As a result, Staff recommend that the contract be awarded to MacDonnell Fuels Ltd for the supply of both clear and dyed diesel at the Elderslie Shop and Paisley Shops.

MacDonnell Fuels has indicated that they anticipate tank installation will take place the last week of August, with the contract term beginning September 6, 2023.

Link to Strategic/Master Plan

6.4 Leading Financial Management

Financial Impacts/Source of Funding/Link to Procurement Policy

Currently we are charged \$0.018 above the rack price for fuel in the Arran Shop and \$0.10 above the rack price in Elderslie and Paisley. MacDonnell proposes no additional delivery or overhead fees which is where the anticipated saving will be seen. This however, is completely dependent on the rack price.

Fuel purchases will continue to be allocated to the appropriate accounts within the operating budget of the respective departments.

Approved by: Sylvia Kirkwood, Chief Administrative Officer