



CITY OF HOLLYWOOD, FLORIDA
DEPARTMENT OF PUBLIC WORKS
FLEET MAINTENANCE
INTER-OFFICE MEMORANDUM

DATE: January 27, 2018

FILE: PW-18-012REV

TO:  Paul Bassar, Director
Procurement & Contract Compliance

VIA: Sylvia Glazer, Director
Public Works Department 

VIA: Charles Lassiter, Interim Assistant Director
Public Works Department 

FROM: Joel J. Wall, Fleet Maintenance Superintendent
Public Works Department 

SUBJECT: Protec Fuel Management, LLC– B002953

ISSUE:

The Department of Public Works seeks authorization to increase the estimated dollar value awarded to Protec Fuel Management, LLC, Ethanol-Blend (E-85) Fuel Supply & Retro-Fit Dispensing System for the 01/01/17 – 12/31/17 contract term and for the remainder of the current term.

EXPLANATION:

The Department of Public Works has a contract with Protec Fuel Management, LLC for the supply of Ethanol-Blend (E-85). Due to the extra amount of fuel being consumed for the necessary emergency preparation and emergency response due to Hurricane Irma and the additional number of vehicles utilizing E-85 fuel added to the fleet inventory and the fluctuations in fuel costs, we are requesting to increase the estimated dollar value established by blanket purchase order number B002953 - Protec Fuel Management, LLC by \$110,507.75 for a total estimated annual BPO amount of \$465,000.00 to cover pending invoices for services rendered and not paid for November 2017 and December 2017.

Below is a summary detailing the explanation for the increase:

- \$350,000.00 Original obligated contract amount
- \$353,763.63 Expended to date
- \$110,507.75 Pending invoices (services rendered, not paid to date)
- \$465,000.00 Total amount needed to cover operations for the remainder of the invoices through 12/31/17

Please note, the total amount needed to cover operations for all invoices referenced above, expended to date and pending invoices, reflects only 8 months of service. \$465,000 is requested to cover the period of 5/2017 – 12/2017 for this annual contract.

In order to continue to supply E85 fuel to the alternative fueling fleet of vehicles within the City, we are requesting to increase the remaining term of 5/2017 – 12/2017 and the remainder of the current term of this BPO to \$535,000.00. This is not solely based on previous usage, due to the unusual amount consumed during the City's emergency response, but can be attributed to several other factors. The original estimate of \$350,000.00 for this BPO was based upon an E85 fleet of 272 vehicles. The fueling cost of E85 fuel at that time was around \$0.32 cents per gallon less than unleaded fuel. Even though all fuel prices continue to fluctuate, pricing for E85 fuel overall has remained less than unleaded fuel since the inception of the E85 fuel program. As of 1/23/18, unleaded fuel was \$1.877 per gallon while E85 was \$1.434 per gallon, \$0.44 cheaper than unleaded. Fleet Maintenance has also identified additional vehicles capable to operate on E85 fuel that were not counted in the original estimate when the BPO contract was established. Additionally, new vehicles that require E85 fuel to operate were purchased in Fiscal Year 2017 for Police, Public Utilities, and Code Compliance, increasing the count to 387 vehicles that utilize E85 fuel. As we continue to "green" our fleet, future vehicle purchases are forthcoming with approximately another 85, E85 fuel compatible vehicles being swapped into the fleet.

While consumption of E85 fuel is greater than unleaded, we have seen a significant decrease in unleaded fuel usage with the establishment of this program in May of 2017.

From	To	Gallons of Unleaded	Unleaded \$
May-16	Dec-16	335,452	\$ 634,840.00
*May-17	Dec-17	140,135	\$ 285,862.00
Difference Of		195,317	\$ 348,978.00

*E85 fuel usage was 272,818 gallons, approximately \$455,951.00.

Keep in mind, the fuel usage for both Unleaded and E85 during the period of May 2017 through December 2017 captures the above-mentioned emergency preparation and emergency response due to Hurricane Irma. Additionally, it must be noted that the blanket purchase order, B002975 issued to Port Consolidated for the supply of unleaded gasoline and diesel fuel in the amount of \$1,850,500.00 annually (4/17 – 3/18) has only expended \$440,110 to date. Monthly meetings with staff involving reviewing the Master Contract Listing (MCL) have been implemented to ensure errors of this type are captured early.

Since the projected increase usage will change the scope of the current contract substantially, in order to ensure compliance with City Procurement Ordinance, the Department of Public Works and the Procurement & Contract Compliance Department will analyze best practices in determining future follow-on awards for this contract.

RECOMMENDATION:

The Department of Public Works recommends Procurement Services seek Commission approval for authorization to increase the Blanket Purchase Order, B002953, with Protec Fuel Management for Ethanol-Blend (E-85) Fuel Supply & Retro-Fit Dispensing System, to \$465,000.00 for the 1/1/17 – 12/31/17 contract term and \$535,000.00 for the remainder of the current term. This request is fully funded utilizing accounts 57.5101.00102.590.005211 and 57.5101.00102.590.015211.

Cc: Michelle Lemire, Procurement Specialist