



City of Hollywood

Hollywood City Hall
2600 Hollywood Blvd
Hollywood, FL 33020
<http://www.hollywoodfl.org>

Legislation Text

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A Resolution Of The City Commission Of The City Of Hollywood, Florida, Authorizing The Appropriate City Officials To Execute The Attached Ethanol-Blend Fuel Supply Agreement And Issue The Attached Blanket Purchase Order Between Protec Fuel Management, LLC And The City Of Hollywood, As A Best Interest Exemption, For The Retro-Fitting Of The City's Central Fueling Facility To Accommodate The Dispensing Of The Environmentally Green, Ethanol-Based "E-85" Flex Fuel And Purchase Of E-85 Flex-Fuel At Favorable Pricing, At An Estimated Annual E-85 Fuel Expenditure Amount Of \$350,000.00.

Staff Recommends: Approval of the Attached Resolution

Explanation:

In connection with its various municipal functions, the City requires the utilization of motor fuel for its vehicle fleet, which provides the opportunity for the City to consider more environmentally green fuel alternatives, such as bio-fuel products, to meet the City's Environmental Sustainability and alternative fuel goals. E-85- flex fuel is made from an 85% ethanol and 15% gasoline blend, and the ethanol is produced from crops such as corn, which reduces our dependence on foreign oil and fossil fuel and helps with renewable energy. E-85 fuel is known to reduce carbon monoxide emissions and other toxics such as benzene, a known human carcinogen. Some E-85 critics contend that ethanol from corn can drive up world prices. However, 93% of all corn grown in the U.S. is never fed to people but is used as livestock feed. As livestock cannot digest starch efficiently, the livestock then transfer it into fecal matter. American farmers typically grow more than people purchase so there is an annual surplus of corn. The Federal Government has given tax incentives to farmers to produce corn for ethanol production purposes. There is a small reduction in miles per gallon of vehicles using E-85 as compared to unleaded gasoline, which can vary depending on the vehicle model.

Protec Fuel Management, LLC, (Protec) is a locally-based, nationally operating provider of motor fuel, and through its affiliation with and support of the South Florida Clean Cities Coalition, has offered to supply E-85 flex fuel and provide funding support in partnership with the United States Department of Agriculture to cover the complete cost for the installation of the fueling dispenser system and supporting infrastructure modifications to facilitate the City's use of E-85 flex fuel for City's fleet at the City Central Fueling facility at 1600 South Park Road. These understandings are more specifically described in the attached Ethanol-blend Fuel Supply Agreement. The Agreement stipulates that with Protec's implementation of the facility retro-fit to accommodate the dispensing of E-85 flex fuel at a cost of \$27,487.95, the City shall make E-85 flex fuel available to its fleet for a term of 5 years, and further, shall purchase from Protec, on a non-exclusive basis and at favorable contracted pricing, the E-85 flex fuel for the five year term.

Staff is requesting approval to enter into the attached Agreement on a best interest exemption to accommodate the conversion of a portion of the City's fueling facility to dispense E-85 flex fuel and to have E-85 flex fuel supplied by Protec without the competitive bidding process. The basis of support for a best interest exemption is the following:

1. Protec was awarded the Biofuels Infrastructure Partnership under the Department of Agriculture, an alternative fuel funding program in which they are the only recipient in the State of Florida offering this incentive program. Through this funding initiative, Protec will retro-fit the City's Central Fuel Facility to accommodate the dispensing of E-85 flex fuel on a conditional no-cost basis to the City, which is a direct savings of \$27,487.95.
2. Protec is offering E-85 fuel pricing that will be at discounted pricing based upon a formula established by reference to the Oil Price Information Service (OPIS) daily average posting for unbranded 87E10 gasoline based upon prevailing market conditions. The pricing for E-85 flex fuel offered by Protec is currently ranging around .32 cents per gallon less than 87E10 unleaded gasoline.
3. The pricing being offered by Protec is approximately .70 cents less than what is currently being offered under the South East Florida Governmental Purchasing Cooperative Group Contract, which the City is currently utilizing for its fueling needs.
4. During the contract term should another vendor supply E-85 flex fuel at more favorable pricing, Protec is given the opportunity to match the price, and if Protec is unwilling to match the price, the City may choose to obtain the E-85 flex fuel from the more competitive source.
5. Approximately 50% of the City's unleaded fueling quantity is being utilized by E-85 compatible vehicles in the fleet, and making the E-85 fuel available will significantly and immediately improve our environmental sustainability and alternative fuel goals and the "greening of the fleet".

Purchasing Ordinance 38.40(C)(8) provides that Purchases of, and contracts for, supplies or contractual services, when the City Commission declares by five-seven (5/7ths) vote that competitive bidding is not in the best interest of the City are exempt from the competitive bidding process.

Staff recommends that the City Commission authorize the execution of the attached Ethanol-blend Fuel Supply Agreement and approve the issuance of the attached blanket purchase order to Protec Fuel Management, LLC for the implementation of the fuel dispensing system retro-fit and for an initial one (1) year term to supply E-85 fuel for an estimated annual expenditure of \$350,000.00 with the option to renew for four (4) additional one (1) year terms.

As to funding, the discounted price of E-85 flex fuel to be offered by Protec under the proposed Agreement compared to the current price of unleaded fuel is approximately 20 percent less costly, and thus, the utilization of the E-85 flex fuel is not expected to impact the City's current fuel funding allocation. Further, the cost to purchase E-85 fuel will be directly offset by the reduction of quantity of the unleaded gasoline purchased.

Recommended for inclusion on the agenda by:

Dr. Wazir Ishmael, Ph.D., City Manager

Mel Standley, Assistant City Manager

Sylvia Glazer, Director, Public Works

Jonathan Vogt, City Engineer/Deputy Director of Public Works

Paul Bassar, Director, Procurement & Contract Compliance