

Section II – Items for Executive Action

TO: Chair and Members of the Executive Committee
Meeting #6/18, Friday, August 10, 2018

FROM: Nick Saccone, Senior Director, Restoration and Infrastructure

RE: **DYED DIESEL FUEL SUPPLY AND DELIVERY**
Vendor of Record Contract #10006472

KEY ISSUE

Revision of Contract #10006472 for the continued supply and delivery of dyed diesel fuel for various TRCA vehicles and equipment.

RECOMMENDATION

THAT Vendor of Record Contract #10006472 awarded to Alpha Oil Inc. and Canada Clean Fuels Inc. for the supply and delivery of dyed diesel fuel for various Toronto and Region Conservation Authority (TRCA) vehicles and equipment up to a total value of \$85,000.00 plus HST, be increased to a total cost not to exceed \$150,000.00 plus HST within the original contract period between January 1, 2018 and December 31, 2018;

AND FURTHER THAT authorized TRCA officials be directed to take all necessary actions to implement the foregoing, including the signing and execution of any documents.

BACKGROUND

TRCA frequently implements numerous habitat restoration, engineering and trail construction projects throughout its jurisdiction. These projects often require dyed diesel fuel for specialty vehicles, by-pass pump systems and other equipment such as skidsteers and rubber-track loaders.

In previous years, staff would complete multiple procurements to source the supply and delivery of dyed diesel fuel for various projects. To reduce staff costs and expedite timelines associated with the procurement process, staff recommended establishing a Vendors of Record list for the supply and delivery of dyed diesel up to a maximum of \$85,000 between the period of January 1, 2018 to December 31, 2018. The maximum value of this contract was based on a review of projects scheduled for implementation in 2018 and a review of dyed diesel required in previous years.

Request for Quotation (RFQ) documents were subsequently sent to four suppliers consisting of Alpha Oil Inc., Canada Clean Fuels Inc., 4ReFuel and Kidd Fuels in November 2017. Qualified bids were received from two suppliers, who were awarded the contract and placed on the Vendor of Record list as illustrated in the following table. TRCA staff is to purchase dyed diesel from the supplier with the lowest total unit price in this table, and if fuel is not available for the period required, then staff is to contact the next company that has the lowest price.

Item 9.4

Company	Daily Toronto Rack Rate for dyed diesel posted on January 7, 2017 (Actual Amount Paid by TRCA Will Be Adjusted Based on Rack Rate on Delivery Date)	Federal Excise Tax	Supply and Delivery (Excluding Rack Rate and Federal Excise Tax)	Total Unit Price (Excluding HST)
Alpha Oil Inc	\$0.70 per litre	\$0.040 per litre	\$0.12 per litre	\$0.86 per litre
Canada Clean Fuels Inc	\$0.70 per litre	\$0.040 per litre	\$0.16 per litre	\$0.90 per litre

RATIONALE

The bulk of dyed diesel used by TRCA is for by-pass pump systems rented for creek rehabilitation work. Additional works carried out on behalf of TRCA's municipal partners and rainy weather conditions during the winter months made it necessary to rent additional by-pass pump systems, increasing the total amount of dyed diesel fuel required above what was originally estimated.

Based on a re-evaluation of the remaining projects that are to be completed by the end of year, the estimated total value of dyed diesel fuel required has been increased from \$85,000 plus HST to \$150,000 plus HST for the contract period of January 1, 2018 to December 31 2018.

It is preferable to amend the existing contract to capture the additional quantity of dyed diesel required for the remainder of 2018 operations. By doing so, potential disruptions associated with new suppliers or other issues that may arise from retendering mid-year can be avoided. Furthermore, staff has determined that the unit rates received are fair and of good value, and the current suppliers have done a satisfactory job to date. Based on this rationale, TRCA staff recommends that Contract #10006472 be increased to \$150,000.00 plus HST for the continued fueling of TRCA's vehicles and equipment with dyed diesel for the remainder of 2018.

FINANCIAL DETAILS

Funds required for the contract are available from various project accounts identified in TRCA's 2018 capital budget. Fueling costs are charged directly to the project where the fuel is used.

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