

HALIFAX

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Item No. 14.1.1
Halifax Regional Council
September 5th, 2017

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by



SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: August 4, 2017

SUBJECT: **Award – Province of Nova Scotia RFP WS49662970 for Heating Fuel/Propane/Jet Fuel/Diesel/Gasoline**

ORIGIN

The expiry of the existing agreements for the supply of vehicle and heating fuels.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79 Halifax Regional Council may expend money for municipal purposes.

The recommended standing offer award complies with all of the pre-requisites for awarding standing offers as set out in section 34 of Administrative Order 2016-005-ADM, the *Procurement Administrative Order*.

Section 36 of the *Procurement Administrative Order*, provides that Halifax Regional Council may approve standing offers of any amount.

RECOMMENDATION

It is recommended that Halifax Regional Council

- a) Approve the standing offer agreement related to Province of Nova Scotia RFP WS49662970 for Heating Fuel/Propane/Jet Fuel/ Diesel/Gasoline, to **Highland Fuel Delivery G.P./ Irving Oil Commercial G.P o/a Irving Energy** for the **furnace oil, diesel fuel and propane** portions of the solicitation, for a period ending June 2020 with the option to renew annually for two (2) additional one year terms for the approximate amount of \$10,000,000 per year with funding as outlined in the Financial Implications section of this report.
- b) Approve the standing offer agreement related to Province of Nova Scotia RFP WS49662970 for Heating Fuel/Propane/Jet Fuel/Diesel/Gasoline to **Bluewave Energy** for the **gasoline** portion of

the solicitation, for a period ending June 2020 with the option to renew annually for two (2) additional one year terms for the approximate amount of \$1,650,000 per year with funding as outlined in the Financial Implications section of this report.

- c) Direct the CAO to execute the services contracts with each contractor with terms and conditions acceptable to the CAO and subject to review and approval as to form and authority by Legal Services.

BACKGROUND

The existing shared standing offers for the provision of the fuel and heating fuel requirements of the Municipality and the Province of Nova Scotia are expiring. In anticipation of this and in collaboration with the Municipality and several other MASH entities, the Province of Nova Scotia issued a Negotiable Request for Proposal (NRFP) for the fuel requirements of all of the identified stakeholders.

DISCUSSION

NRFP WS49662970 was publicly posted on March 10, 2017, with closing on April 19, 2017. Stakeholders listed in the NRFP and including a representative from Halifax Facilities Maintenance group evaluated proposals, facilitated by Procurement staff from the Province of Nova Scotia. Negotiations per the conditions of the NRFP were facilitated by Province of Nova Scotia Procurement staff.

As the highest scoring Proponents, Irving Energy will be providing fuel and fuel delivery services Diesel for the Transit Fleet, Heating Fuel for the all HRM facilities and propane for use in public arenas and Bluewave Energy will be providing gasoline and gasoline delivery services for Corporate Fleet.

FINANCIAL IMPLICATIONS

Per the requirements of the NRFP, the standing offer costs per unit will be held firm for the duration of the contract. Increases during the two(2) possible extension years are limited by a formula based on the Nova Scotia Consumer Price Index and require approval from the Province.

Gasoline and Diesel fuel for Corporate Fleet is purchased and inventoried by Procurement and charged back to the user department's approved Operating Budget upon use.

Diesel for Transit Fleet is managed by Halifax Transit and charged upon purchase to the approved Transit budget.

Heating Fuel and Propane is purchased and charged based on need to the applicable facility's approved Operating Budget.

RISK CONSIDERATION

There are no significant risks associated with the recommendations of this Report.

ENVIRONMENTAL IMPLICATIONS

Implications not identified.

ALTERNATIVES

Council could choose not approve the standing offers. This is not recommended by staff since it would cause the Municipality to seek its own fuel supplier(s) independently without taking advantage of the combined volume buying power of the Municipality, the Province and the other RFP stakeholders

ATTACHMENTS

None.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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