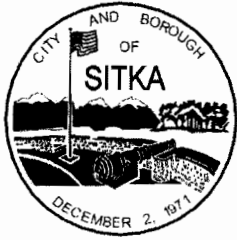


Should this item be pulled from the consent agenda, the following motion is suggested:

POSSIBLE MOTION

I move to award the bid to Furnish Diesel Fuel to Petro Marine Services for a contract period of July 1, 2014 to June 30, 2016.



City and Borough of Sitka

PUBLIC WORKS

113 JARVIS STREET • SITKA, ALASKA 99835
PHONE (907) 747-4041 • FAX (907) 747-7668

MEMO

To: Mayor McConnell and Assembly Members
Mark Gorman, Municipal Administrator

From: Michael Harmon, Public Works Director *MH*
Gary Baugher Jr., Public Works M&O Superintendent *GEB*

cc: Jay Sweeney, Finance Director *J*

Date: June 2, 2014

Subject: Furnish Diesel Fuel (Heating Oil)

Background

Delta Western asked that the City and Borough of Sitka give them an opportunity to bid on the Furnish Diesel Fuel Contract. The current contract that is in place runs from July 1, 2012 and ends June 30, 2014. The current contract is with Petro Marine Services for a cost of .32 above the Oil Pricing Information Service (OPIS).

The City and Borough of Sitka put out a bid for a Furnish Diesel Fuel Contract in April 2014. The intent of this contract is to Furnish Diesel Fuel to the City and Borough of Sitka, Sitka School District, and Sitka Community Hospital. The term of the Contract shall run for a period of two (2) years commencing on July 1, 2014 and ending at the end of the Day June 30, 2016. With mutual agreement by both parties, two (2) additional One-year extensions may be awarded. The total term of this Contract, including all extensions, shall not exceed four (4) years.

Analysis

There were two (2) bids received, as indicated in the following table:

Bidder	*OPIS plus	Total Bid Amount
Petro Marine Services	.287	\$98,063.75
Delta Western, Inc.	.3448	\$117,788.00

* Note: Oil Price Information Service (OPIS) is a comprehensive source for petroleum pricing and news information. OPIS is used to benchmark gasoline, diesel, and jet fuel prices. This contract utilizes the Seattle OPIS.

The Public Works Department would like to award this contract to Petro Marine Services in the amount of \$98,063.75. The pricing that Petro Marine Services gave us is a substantial savings from the last two years when the price above OPIS was .32 per gallon. The term of this contract shall run for a period of two-years. With mutual agreement, two additional one-year extensions may be awarded. The total term of this agreement shall not exceed four (4) years.

Fiscal Note

Funds are budgeted annually in each organizations budget cycle. Budgets should reflect a savings as they were budgeted as .32 per gallon above the OPIS pricing, and the new bid pricing is for .28 per gallon above OPIS.

Recommendation:

Public Works recommends the award of a Furnish Diesel Fuel Contract to Petro Marine Services.

Record of Bid Opening

Furnish Diesel Fuel City and Borough of Sitka, Sitka School District and Sitka Community Hospital
May 22, 2014 - 2:00pm - Municipal Clerk's Office

	CONTRACTOR	Payment option Checked	State of AK Business License	Addendum #1	Official Plan Holders list	Bid Form	Group I Ultra Low Sulfur Diesel #2	Group II Ultra Low Sulfur Diesel #2	Group III #1 Diesel Fuel	Total Bid Amount
1	Petro Marine Services	YES	YES	YES	YES	YES	\$ 53,095.00	\$44,485.00	\$ 483.75	\$98,063.75
2	Delta Western Inc.	YES	YES	YES	YES	YES	\$ 63,788.00	\$53,444.00	\$ 556.00	\$117,788.00
3										\$0.00
4										\$0.00
5										\$0.00
6										\$0.00
7										\$0.00

Present: Deputy Clerk, Sara Peterson; Tori Fleming, Contract Coordinator; Chris Wilbur, Facilities Manager; Jerry Jacobs, Petro Marine Services

**CONTRACT BETWEEN CITY AND BOROUGH OF SITKA (OWNER) AND
CONTRACTOR
FOR FURNISHING DIESEL FUEL TO CITY AND BOROUGH OF SITKA,
SITKA SCHOOL DISTRICT, AND SITKA COMMUNITY HOSPITAL**

This Contract is executed by the parties, Owner and Contractor as described below:

OWNER: CITY AND BOROUGH OF SITKA
100 LINCOLN STREET
SITKA, AK 99835

CONTRACTOR: Petro Marine Services
1 Lincoln Street
Sitka, AK 99835

The Owner and Contractor agree to the following terms and conditions concerning Furnishing Diesel Fuel to the City and Borough of Sitka, Sitka School District, Sitka Community Hospital, as set forth below.

On June 10, 2014, the City and Borough of Sitka Assembly approved the award recommendation, based on the response to the bid request, entitled, "Furnish Diesel Fuel, City and Borough of Sitka, Sitka School District, Sitka Community Hospital", issued on April 24, 2014.

**ARTICLE 1
THE WORK**

The Contractor shall furnish diesel fuel for the City and Borough of Sitka, Sitka School District, and Sitka Community Hospital as required by the Contract documents enumerated in Article 5, below.

**ARTICLE 2
TIME OF COMMENCEMENT AND COMPLETION**

Work shall commence upon receipt of the Notice to Proceed. The term of this Contract shall run for a period of two (2) years commencing on July 1, 2014 and ending at the end of the day June 30, 2016. With mutual Contract, two (2) additional one-year extensions may be awarded. The total term of this Contract, including all extensions, shall not exceed four (4) years.

**ARTICLE 3
PAYMENT**

The Owner shall pay the Contractor as provided in this Contract the following prices per gallon:

Ultra Low Sulfur Diesel #2:

Seattle OPIS Rack Average plus Contractors Adjusted Price of \$0.287 per gallon

#1 Diesel Fuel: reference OPIS #2 rates

Seattle OPIS Rack Average plus Contractors Adjusted Price of \$0.387 per gallon

Contract pricing will be based according to the Seattle OPIS Rack Average published price. The price per gallon shall be a mark-up or mark-down from the Seattle OPIS price.

Select One Option:

- Option A:** The payment will be calculated off of the weekly Seattle Rack Average OPIS price per gallon, for the appropriate type of fuel, reported for on the Thursday prior to the week of delivery. The delivery week under this contract is Monday through Sunday. For example, the OPIS Rack Average fuel price from Thursday, June 9th would be used for all fuel delivered Monday, June 13th through Sunday, June 19st.

- Option B:** The payment will be based off of a four (4) month average of the Seattle Rack Average OPIS price per gallon, for the appropriate type of fuel. The payment will be based off of a four (4) month average that will be calculated from the weekly OPIS Rack Average price reported on every Thursday and added together, then calculated to average over an 120 day (4 month) period prior to delivery. For example, the payment for fuel delivered Friday, June 10th through Wednesday, June 15th will be based on the four month OPIS Rack Average fuel price calculated from the average of the prices on every Thursday back from Thursday, June 9th, 120 days.

ARTICLE 4
METHOD OF PAYMENT

Bidders are required to use the Seattle OPIS as a price location. The OPIS price location shall remain firm throughout the term of this Contract including any renewals.

Payment will be made within 30 days upon receipt of delivery slips signed by the truck driver in accordance with the following information:

- All invoices shall include delivery point, brand name of fuel supplied, type and quantity of fuel delivered, and the price charged. The invoice price per gallon is based upon the OPIS CONTRACT AVERAGE per gallon price plus or minus the contractor's adjusted price and delivery charge multiplied by the number of gallons delivered.
- Contractor is not required to list OPIS price such that it would be a violation of copyright law. However, Contractor is required to submit a copy of the applicable weekly Seattle OPIS Contract average price for the type of fuel delivered.
- All correct current Contractor information, such as name and address, to ensure the payment can be accurately made.

- Delivery receipts containing all required information shall be processed. Those not including all required information will be returned to the Contractor to include all required information.
- Fuel quantity will be measured in net gallons.

ARTICLE 5
ENUMERATION OF CONTRACT DOCUMENTS

The additional documents which are specifically incorporated into this Contract by reference and which form the Contract documents are:

- A. The Contractor's executed bid form and bid schedule, dated May 22, 2014.
- B. Addendum No 1.
- C. The Bid Documents, entitled Furnish Diesel Fuel, City and Borough of Sitka, Sitka School District, Sitka Community Hospital, dated April 24, 2014 which includes, Instructions to Bidders; Specifications; and Bid Form.
- D. Any and all later modifications, change orders and written interpretations of the Contract issued by the Owner and agreed to by Contractor.

Any other attachments to this Contract do not form a part of the Contract but are for reference or proof of compliance with the requirements of the Contract.

ARTICLE 6
NOTICES

All legal notices relating to this Contract, including changes of address shall be mailed to the Owner and Contractor at the following addresses:

<u>OWNER</u>	<u>CONTRACTOR</u>
City and Borough of Sitka Public Works Director 100 Lincoln Street Sitka, AK 99835	Petro Marine Services Jerry Jacobs, Plant Manager 1 Lincoln Street Sitka, AK 99835

ARTICLE 7
INSURANCE AND INDEMNIFICATION

Before the execution of the Contract, the Contractor shall obtain all insurance required under this section; and he shall not allow any Subcontractor to commence work until the Subcontractor also has obtained similar insurance applicable to his work. The Contractor shall maintain insurance throughout the life of this Contract including the warranty, guarantee and maintenance period.

Proof of the required insurance shall be provided to the CBS in the form of a Certificate of Insurance, showing the type and the amounts of insurance, the policy number, expiration date and signed by an authorized representative of the insurance company. Each Certificate of Insurance shall state that the policy or policies have been endorsed whereby the insurance company will provide not less than thirty (30) days written notice to the CBS of any material change, cancellation, or non-renewal of the insurance

policies. **All insurance policies required under this Article shall name the CBS as an additional insured for the purposes of the Project and shall contain a waiver of subrogation against the CBS.**

The Contractor, its principals, partner, employees, agents, representatives, heirs or assigns, hereby agrees to protect, defend, save harmless and indemnify the CBS, its officials, employees and authorized representatives or its successors against any loss, cost, damage, suits, expense, judgment or liability of any kind whatsoever from or by reason or on account of, as a result of work or activities or any nature whatsoever arising directly or indirectly under this Contract including any claims for injury to person or property or death to the parties or to employees of the Contractor or its principals or of the CBS.

The Contractor shall provide the following types of insurance:

1. Worker's Compensation	Minimum Limits
Employer's Liability and Workers' Compensation as required by Alaska State Workers' Compensation Statutes.	Statutory
2. Comprehensive General Liability	Minimum Limits
Single Limit	\$1,000,000
General Aggregate	\$2,000,000
3. Comprehensive Automobile Liability	Minimum Limits
Including all owned, hired and non-owned vehicles	\$1,000,000

No provision in the contract documents lessens, alters, or makes inapplicable the requirements for insurance and indemnification stated in City and Borough of Sitka Standard Specifications, Division 10, Article 6.18. In the event of conflict between the above-referenced articles and any other contract provision(s), the requirements set out in the above-referenced articles control.

I personally guarantee that I will keep current all my business and personal accounts with the City and Borough of Sitka (i.e. utilities, harbor billings, taxes, etc.) as long as this contract is in effect. If I default on the promise set out in the previous sentence, the City and Borough of Sitka may withhold payment on this contract and/or garnish a portion of this payment to bring current my outstanding balance(s) with the City and Borough of Sitka.

ARTICLE 8
JURISDICTION: CHOICE OF LAW

This Contract shall be governed by the laws of the State of Alaska, and any lawsuit that may be brought shall be filed and prosecuted only in Sitka, Alaska in the Superior Court for the State of Alaska.

ARTICLE 9
ATTACHMENTS

In the event there is any difference between an attachment to the original of this Contract on file with the City and Borough of Sitka Municipal Clerk and any attachment to a duplicate original of the Contract, the attachments to the original filed with the City and Borough Municipal Clerk shall control.

ARTICLE 12
NONDISCRIMINATION

Contractor will not discriminate against any employee or applicant for employment because of race, color religion, national origin, ancestry, age, sex or marital status or mental or physical handicap. Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, ancestry, age, sex, or marital status or mental or physical handicap. Such action shall include, without limitation, employment, upgrading, demotion or transfer, recruitment or recruiting, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. Contractor agrees to post, in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions for this nondiscrimination clause.

Contractor shall state, in all solicitations or advertisements for employees to work on jobs relating to this Contract, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, or marital status or mental or physical handicap.

IN WITNESS, the Parties execute this Contract through their duly authorized representatives, and represent by the signing of this Contract by their duly authorized representatives that they are authorized to sign this Contract between Owner and Contractor for Furnishing Diesel Fuel - City and Borough of Sitka, Sitka School District and Sitka Community Hospital on behalf of the Party they represent.

CITY AND BOROUGH OF SITKA

CONTRACTOR

Municipal Administrator

Name and title of Office (printed or typed)

Date: _____

Company Name (printed or typed)

Signature

Date: _____

ATTEST:

Name and Title of Office (printed or typed)*

Municipal Clerk

Signature

Date: _____

CONTRACT AND ATTACHMENTS
TO ORIGINAL APPROVED AS TO
FORM AND LEGAL SUFFICIENCY:

Municipal Attorney

ACKNOWLEDGMENTS

STATE OF ALASKA)
)ss.
FIRST JUDICIAL DISTRICT)

The foregoing document was acknowledged before me this _____ day of _____
_____ 20____ by _____, Municipal Administrator of the
City and Borough of Sitka, an Alaska Municipal Corporation, on behalf of the City and
borough of Sitka.

Notary Public for State of Alaska
My Commission Expires: _____

*Second Corporate Officer.

STATE OF ALASKA)
)ss.
FIRST JUDICIAL DISTRICT)

The foregoing document was acknowledged before me this _____ day of _____
_____ 20____ by _____, the
(title of office) _____ of (name of corporation)
_____ for and on half of the corporation.

Notary Public for State of Alaska
My Commission Expires: _____

STATE OF ALASKA)
)ss.
FIRST JUDICIAL DISTRICT)

The foregoing document was acknowledged before me this _____ day of _____
_____ 20____ by _____, the
(title of office) _____ of (name of corporation)
_____ for and on half of the corporation.

Notary Public for State of Alaska
My Commission Expires: _____