

**POSSIBLE MOTION**

**I MOVE TO approve a two-year contract to Petro  
Marine Services to furnish diesel fuel for their bid  
amount of \$127,682.50**

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## MEMORANDUM

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**To:** Mayor Westover and Assembly Members  
Jim Dinley, Municipal Administrator

**From:** Michael Harmon, Public Works Director *MHA*  
Gary E. Baugher Jr., Maint. & Operations Supt. *GEB*

**cc:** Jay Sweeney, Finance Director

**Date:** 6/6/2012

**Subject:** Furnish Diesel Fuel

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### Background

The City and Borough of Sitka advertised a Furnish Diesel Fuel Contract for bid in February of 2009. In April of 2009, a contract for the Furnish Diesel Fuel was awarded to supply diesel fuel to the City and Borough of Sitka, Sitka School District, and Sitka Community Hospital. The terms of this agreement ran for a period of two (2) years expiring at the end of April 2011. In May of 2011, another contract to furnish Diesel Fuel was awarded to supply diesel fuel from Petro Marine at .32 above OPIS. The terms of this agreement ran for a period of one year expiring in June 2012.

### Analysis

Nearing the expiration of the contract, the decision was made to re-bid the Furnish Diesel Fuel Contract due to changes in the market since it was bid in 2011. The CBS, School District, and the Community Hospital were called to survey their satisfaction with the services provided and it was conclusive that all parties were very satisfied. The Electric Department requested to bid out there fuel separately. There were two (2) bids received, as indicated in the following table:

<b>Bidder</b>	<b>*OPIS plus</b>	<b>Total Bid Amount</b>
Petro Marine Services	<b>.37</b>	<b>\$127,682.50</b>
Halibut Point Marine	<b>.45</b>	<b>\$155,762.50</b>

\* 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 \$127,682.50. 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**

Budgeted Funds are available.

**Recommendation:**

**We recommend the award of a two-year Furnish Diesel Fuel Contract to Petro Marine Services.**