

Township of Southgate
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Staff Report PW2022-004

Title of Report: PW2022-004 Southgate Fuel Supply and Delivery Contract Extension
Department: Public Works
Branch: Transportation & Public Safety
Council Date: February 16, 2022

Recommendation:

Be it resolved that Council receive Staff Report PW2022-004 for information; and
That Council direct staff to execute the contract extension for Southgate Fuel Supply and Delivery services with McDougall Energy.

Background:

Southgate participated in the Grey County Fuel Supply & Delivery tender in 2018, which was awarded to McDougall Energy. The Township had the option to extend the contract in 2021 for an additional 2 years, plus an additional 2-year option with Grey County and some lower tier municipalities that were involved. McDougall's initial bid had a no cost delivery charge in the fee structure and advised that Imperial provides a rack price discount for a volume purchase.

Due to the fuel supply contamination issue that impacted some Southgate fleet vehicles and negotiations with McDougall Energy that were ongoing in 2021, with Unit 315 engine concerns, the contract was not renewed at that time, however McDougall continued with supplying and delivering fuel to Southgate.

Staff Comments:

McDougall Energy has committed to issue a credit to the Southgate account in the amount of \$7,500.00 plus HST for the engine issues with Unit 315 F150 pick-up truck, related to the fuel contamination on a "Goodwill Basis". (Attachment #1) McDougall energy request that Southgate commit and execute to extending the fuel supply and delivery contract for a 2-year period, ending on February 9, 2024, with again no delivery charges being imposed. (Attachment #2)

Staff recommends that a new engine be ordered for replacement in Unit 315. There is a 90-day order window for the engine to come in. There is a 3-year warranty on the new Ford engine, that would be replaced by Vanalstine Automotive.

The new agreement Article 5. – Minimum Volume states Southgate agrees to purchase annually a minimum of 250,000 litres of fuel.

The following is a breakdown of the past 3 years of McDougal fuel purchases:

Year	Volume Litres
2019	265,409
2020	282,138
2021	264,243

Financial Implications:

Southgate's fuel costs paid to McDougall Energy in 2021 were \$281,704.30. The quotes received for Unit 315 new engine replacement were \$15,246.88 and \$11,718.08 plus HST.

The McDougal credit amount of \$7,500.00 plus HST will be applied to the Unit 315 engine replacement.

Communications & Community Action Plan Impact:

Goal 5 - Upgrading our "Hard Services"

Action 5:

The residents and businesses of Southgate recognize our linear services - roads, bridges, water, and sewer works, for example - to be a fundamental purpose of municipal government. This infrastructure needs to be serviceable and sustainable so that our businesses and communities can thrive and grow.

Concluding Comments:

Staff recommends that Council receive Staff Report PW2022-004 for information, and that Council direct staff to execute the contract extension for Southgate Fuel Supply and Delivery services with McDougall Energy.

Respectfully Submitted,

Dept. Head: **Original Signed By**
Jim Ellis, Public Works Manager

Treasurer Approval: **Original Signed By**
William Gott, CPA, CA Treasurer

CAO Approval: **Original Signed By**
Dave Milliner, CAO

Attachments:

Attachment #1 – McDougal Full and Final Release

Attachment #2 – Southgate-McDougal Fuel Supply Agreement