

RE: SUPPLY AND DELIVERY OF GASOLINE AND DIESEL FUEL
(ITEM 9, REPORT NO. 21, 1987 MARCH 23)
(ITEM 3, REPORT NO. 41, 1988 JUNE 13)

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER 1989 June 20
FROM: DIRECTOR FINANCE

SUBJECT: SUPPLY AND DELIVERY OF GASOLINE AND DIESEL FUEL
(ITEM 9, REPORT NO. 21, 1987 MARCH 23)
(ITEM 3, REPORT NO. 41, 1988 JUNE 13)

PURPOSE: To inform Council of the extension of contracts for
the supply and delivery of gasoline and diesel fuel.

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RECOMMENDATION

1. THAT this report be received for information purposes.

SUMMARY

On 1987 March 23, Council adopted the following recommendation:

"THAT for tenders of a value over \$100,000 received on a cooperative basis through the Cooperative Purchasing Group in the Greater Vancouver area, the Purchasing Agent, with approval from the Municipal Manager, be authorized to award a contract to the lowest bidder complying with the specifications and conditions of the tender, followed by an information report to Council."

With verbal approval from the Municipal Manager, the Purchasing Agent has extended for an additional twelve month period the current contracts with Chevron Canada Ltd. and Petro Canada Products for the supply and delivery of gasoline and diesel fuel. Both these companies have been our suppliers for gasoline and diesel fuel for the past two years and both have performed very satisfactorily. The extensions will be in effect until 1990 May 31 and the combined estimated value for the twelve month period is \$550,000.

REPORT

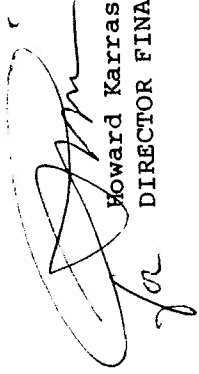
For the past three years Burnaby has realized a savings by joining the City of Vancouver in a cooperative tender and taking advantage of the lower prices offered because of the larger volume. In 1988 June the Purchasing Agent awarded contracts for the supply and delivery of gasoline based on a cooperative tender called by the City of Vancouver. This tender call provided for an option whereby the contracts could be extended for one or two twelve-month periods by mutual agreement between the supplier and the City. The City has agreed with both suppliers to extend the contracts for an additional twelve months.

ITEM	6
MANAGER'S REPORT NO.	45
COUNCIL MEETING	89/06/26

The City of Vancouver, on behalf of the Cooperative Purchasing Group in the Greater Vancouver area, conducted an extensive research of market conditions and concluded that it would be in the best interest of all parties to extend the existing contracts and not call for tenders at this time.

The market research conducted by the City of Vancouver staff included discussions with the major oil companies, review of pertinent publications and looking at the futures market. All of this was done in considerable detail and City staff concluded that the market price of gasoline would likely rise in the near future, and that the other oil companies who normally bid would not likely lower their prices from last year's tendered price. Also given consideration was the good service and performance of the current suppliers. The decision by the City of Vancouver Purchasing Agent to extend for an additional twelve months the existing contracts for the supply and delivery of gasoline and diesel fuel was made with concurrence from their Director Engineering and City Manager, and was approved by City Council.

Submitted for the information of Council.


for
Howard Karras
DIRECTOR FINANCE

JV:gw