

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6c

Date of Meeting September 28, 2010

DATE: September 14, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Managing Director, Capital Development Division

SUBJECT: Request authorization to execute a contract for bulk fuel.

Amount of this Request: \$0.00 – Contracting authority only.

Source of Funds: Real Estate and Airport Operating Funds.

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to execute a contract for bulk fuel delivered to the Port. The contract is for one year with (4) one year renewal options. Estimated value per year is \$750,000 for an estimated not to exceed total of \$5,000,000 to allow for future year price escalations.

SYNOPSIS:

The Port maintains fuel storage tanks for gasoline, diesel and bio-diesel fuels used to fuel vehicles including fire and rescue, maintenance equipment and generators.

Resolution No. 3605 authorizes the CEO to purchase goods and services on the open market, pursuant to published tariffs, or by competitive bidding when required so long as the purchase does not exceed \$300,000.00. The annual cost of bulk fuel for 2007 to 2009 ranged from \$625,000.00 to \$750,000.00 including applicable taxes. This contract will be a blanket order type contract. The Port will place orders for fuel when needed. The funds are within the annual approved operating budget of the Real Estate and Airport Divisions.

BACKGROUND:

Real Estate Maintenance utilizes a 6,000 fuel storage tank for unleaded gasoline, a 3,000 gallon bio diesel storage tank and a 2,000 gallon fuel truck for bio diesel fueling of remote equipment. The Aviation Maintenance department maintains a 4,000 gallon storage tank for unleaded gasoline and a 16,000 gallon storage tank for diesel. The Airport Fire Department maintains a 4,000 gallon storage tank of diesel fuel.

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Bulk fuel storage is the most efficient, cost effective method in providing the various types of fuels required by Port equipment. It eliminates the need for unnecessary travel to privately owned fuel stations and costs less than “direct fill” services often used for fleet services.

STRATEGIC OBJECTIVES:

Ensure Airport and Seaport Vitality

The contract will provide for a reliable supply of fuels necessary to maintain Port operations, systems and services needed for continued use of Airport and Seaport Facilities by our customers and the traveling public.

Exhibit Environmental Stewardship through Our Actions

The contract will provide where feasible the supply and use of B20 bio-diesel fuel which reduces the Port’s environmental impact to air and water quality.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Do nothing. This would result in a shortage of fuel and the inability to operate equipment critical to Port services. Alternative 1 is not recommended.

Alternative 2: Advertise and award of a bulk fuel delivery contract for the continued support of operating vehicles and equipment. This is the recommended alternative.