

P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 15.1.2
Halifax Regional Council
November 22, 2022

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY: _____
Jacques Dubé, Chief Administrative Officer

DATE: October 31, 2022

SUBJECT: **Award – Province of Nova Scotia RFP Doc767243048, Supply and Delivery of Furnace Oil, Propane, Jet Fuel, Diesel and Gasoline**

ORIGIN

The expiry of the existing agreements for the supply of vehicle and heating fuels.

LEGISLATIVE AUTHORITY

The Municipality may spend money for municipal purposes in accordance with section 79A of the *Halifax Regional Municipality Charter*.

The recommended contract award complies with all of the pre-requisites for awarding Standing Offers as set out in section 26 of Administrative Order 2020-004-ADM, the *Procurement Policy*.

Section 28 of the *Procurement Policy* provides that Halifax Regional Council may approve contract awards of any amount.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve the standing offer agreement related to the Province of Nova Scotia's RFP **Doc767243048** for Heating Fuel/Propane/Jet Fuel/ Diesel/Gasoline, to **Highland Fuel Delivery G.P./ Irving Oil Commercial G.P o/a Irving Energy** for the **furnace oil, diesel fuel, propane and gasoline** for a three (3) year period ending August 31, 2025 with the option to renew annually for two (2) additional one year terms for the approximate total three (3) year spend of \$42,000,000 and \$28,000,000 for the two (2) option years. This will result in an approximate \$14,000,000 per year spend with funding as outlined in the Financial Implications section of this report.

Direct the CAO to execute the services contract with terms and conditions acceptable to the CAO and subject to review and approval as to form and authority by Legal Services.

BACKGROUND

The existing shared standing offers for the provision of the fuel and heating fuel requirements of the Municipality and the Province of Nova Scotia are expiring. In anticipation of this and in collaboration with the Municipality and several other MASH sector entities, the Province of Nova Scotia issued a Negotiable Request for Proposal (NRFP) for the fuel requirements of all identified stakeholders.

DISCUSSION

NRFP **Doc767243048** was publicly posted on March 31, 2022, with closing on May 3, 2022. Stakeholders listed in the NRFP, including a representative from the Halifax Facilities Maintenance group, evaluated proposals facilitated by Procurement staff from the Province of Nova Scotia. Negotiations per the conditions of the NRFP were facilitated by the Province of Nova Scotia Procurement staff.

The highest scoring Proponent, Irving Energy, will be providing fuel and fuel delivery services for diesel for Halifax Transit fleet, heating fuel for all HRM facilities, propane for use in public arenas as well as providing gasoline and gasoline delivery services for Corporate Fleet.

FINANCIAL IMPLICATIONS

Per the requirements of the NRFP, the standing offer costs per unit will be held firm for the duration of the contract. Increases during the two (2) possible extension years are limited by a formula based on the Nova Scotia Consumer Price Index and require approval from the Province.

Gasoline and Diesel fuel for Corporate Fleet is purchased and inventoried by Procurement and charged back to the user department's approved Operating Budget upon use.

Diesel for Transit Fleet is managed by Halifax Transit and charged upon purchase to the approved Transit budget.

Heating Fuel and Propane is purchased and charged based on need to the applicable facility's approved Operating Budget.

RISK CONSIDERATION

There are no significant risks associated with the recommendations of this report.

ENVIRONMENTAL IMPLICATIONS

No environmental implications identified.

SOCIAL VALUE

The Province of Nova Scotia led this procurement; HRM and other entities were participants. The tender did not include social value.

ALTERNATIVES

Council could choose not to approve the standing offer. This is not recommended by staff since it would cause the Municipality to seek its own fuel supplier(s) independently without taking advantage of the combined volume buying power of the Municipality, the Province and the other RFP stakeholders.

ATTACHMENTS

No Attachments.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Scott King SCMP, Senior Procurement Consultant, Finance & Asset Management,
902-579-7340
