



# City of Killeen

## Legislation Details (With Text)

**File #:** RS-22-040    **Version:** 1    **Name:** Renewal of fuel services contract with FleetCor  
**Type:** Resolution    **Status:** Passed  
**File created:** 2/18/2022    **In control:** City Council  
**On agenda:** 3/22/2022    **Final action:** 3/22/2022  
**Title:** Consider a memorandum/resolution authorizing the renewal of the City's fuel services contract with FleetCor Technologies Operating Company, LLC., in an amount not to exceed \$2,500,000 per year.  
**Sponsors:** Community Development Department, Fire Department, Finance Department, Police Department, Information Technology Department, Municipal Court Department, Public Works Department, Parks and Recreation Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Staff Report, 2. Agreement, 3. Certificate of Interested Parties, 4. Presentation

Date	Ver.	Action By	Action	Result
3/22/2022	1	City Council	Approved	Pass
3/15/2022	1	City Council Workshop		

Consider a memorandum/resolution authorizing the renewal of the City's fuel services contract with FleetCor Technologies Operating Company, LLC., in an amount not to exceed \$2,500,000 per year.

**DATE:**            **March 15, 2022**

**TO:**                **Kent Cagle, City Manager**

**FROM:**           **Jonathan Locke, Executive Director of Finance**

**SUBJECT:**       **Renewal of Fuel Services Contract with Fleet**

**BACKGROUND AND FINDINGS:**

Prior to November 2013, all City vehicles and equipment were required to obtain fuel from only the fueling station at Fleet Services. That routine was extremely resource inefficient. In November of 2013, the City contracted with Texas Fleet Fuel LTD., now FleetCor Technologies Operating Company, LLC., to provide fuel at the Fleet Services location, and fuel card services which allows for the purchase of fuel throughout the city and nationwide at discount pricing. The existing program has proven to be efficient, secure, and cost effective. The current contract with FleetCor expires March 31, 2022 and is being requested to be renewed.

FleetCor provides purchasing controls, reporting, and on-line account management which helps to manage the fleet and all fueling activities. FleetCor also provides on-site fuel to the City's three underground storage tanks located at Fleet Services. The contract pricing for on-site fuel is \$0.075 per gallon above rack price, for all fuels. Rack Price is the wholesale price applied when the truck is loaded and is determined by the Oil Price Information Service (OPIS). The City will receive rebates on off-site fuel purchases. The offsite rebates will be \$0.04 per gallon for unleaded and \$0.08 per gallon for diesel. The rebates will be applied to the City's weekly

invoice. The estimated annual savings compared to retail pricing is \$50,765. The total on-site gallons purchased is estimated to be 422,240 gallons and the total offsite gallons purchased is estimated to be 331,760 gallons.

The FleetCor contract utilizes cooperative contract pricing through the OMNIA Partners. With available contract extensions, the contract is effective through December 31, 2026.

**THE ALTERNATIVES CONSIDERED:**

- 1.) Do not renew the contract with FleetCor for fuel services.
- 2.) Renew the contract with FleetCor for fuel services.

**Which alternative is recommended? Why?**

The second alternative is recommended to maintain resource efficiency, fuel security, and cost effectiveness.

**CONFORMITY TO CITY POLICY:**

The Fleet Department is seeking approval to contract with FleetCor Technologies Operating Company, LLC. for on-site fuel and fuel services through the OMNIA Partners Cooperative. Purchases made through a cooperative contract are exempt from the competitive bidding process as stated in Texas Local Government Code (TLGC) section 271.102, subchapter F; a local government that purchases goods or services under this subchapter satisfies any state law requiring the local government to seek competitive bids for the purchase of the goods or services.

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

The estimated annual amount to be spent on fuel purchases fluctuates and is dependent upon market conditions. The current FY22 estimated fuel expenditure is \$2.5 million.

**Is this a one-time or recurring expenditure?**

Recurring expenditures.

**Is this expenditure budgeted?**

Each department/division includes funding in its annual budget for fueling the fleet in account xxx-xxxx-xxx.41-30.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Yes

**RECOMMENDATION:**

City Council authorize the renewal of the City's fuel services contract with FleetCor Technologies Operating Company, LLC., in an amount not to exceed \$2,500,000 per year.

**DEPARTMENTAL CLEARANCES:**

Fleet Services  
Purchasing  
Finance  
Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Agreement  
Certificates of Interested Parties