

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Motion to Authorize the City Manager to Execute a Joint Use Agreement for Fuel Station with the Shoreline School District
<b>DEPARTMENT:</b>	Public Works Department
<b>PRESENTED BY:</b>	Jesus Sanchez, Operations Manager Phil Ramon, Fleet, Facilities and Property Management Supervisor
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:** The City of Shoreline purchases unleaded gasoline and diesel fuel from the Shoreline School District for the City's fleet that includes vehicles and equipment. Staff is requesting the City Council to authorize the City Manager to execute a Joint Use Agreement for the use of the School District's fuel station. The City has historically utilized a purchase order to purchase fuel from the School District which is scheduled to expire at the end of 2012.

**RESOURCE/FINANCIAL IMPACT:** The City's Fleet Program budgets for gasoline and diesel fuel in the Vehicle Operations/Maintenance Fund. The 2013 fuel budget totals \$96,426. While the price of fuel may fluctuate during the year due to supply and demand factors, overall fuel prices are lower with the City's partnership with the Shoreline School District based on historical trends.

**RECOMMENDATION**

Staff recommends that Council authorize the City Manager to execute the Joint Use Agreement for Fuel Station with the Shoreline School District to purchase fuel from the Shoreline School District.

Approved By:            City Manager **JU**    City Attorney **IS**

## **INTRODUCTION**

The City of Shoreline has developed a partnership with the Shoreline School District to purchase fuel for the City's fleet through a purchase order program. A new fuel agreement has been prepared rather than continuing with the purchase order process to continue purchasing fuel from the Shoreline School District.

## **BACKGROUND**

In accordance with the City's purchasing regulations, City Council approval is required prior to entering into a joint partnership agreement with the Shoreline School District to purchase fuel. Staff is presenting this item before the City Council to request Council's approval to authorize the City Manager to execute the new fuel agreement. This fuel agreement with the School District provides the primary source of fuel for City vehicles and equipment. On occasion, City staff members utilize commercial fuel credit cards if they are traveling to a workshop or conference out of the area and are not able to obtain fuel at the Shoreline School District Transportation Center.

In the future the City will transition to fueling vehicles at the Brugger Bog maintenance facility, but this won't occur until late 2013.

## **ALTERNATIVES ANALYSIS**

Staff reviewed the pros and cons relative to the recommendation to execute the Joint Use Agreement with the Shoreline School District. Overall, the following provides a summary of favorable factors to enter into an agreement with the School District:

- The City of Shoreline and the Shoreline School District have established a joint partnership that includes mutual support for a variety of services such as fuel services, utilizing each other's purchasing processes, and partnership for use of recreational facilities and programs.
- The price for purchasing fuel per gallon has generally been lower at the Shoreline School District compared to pricing in the private commercial market.
- The School District along with the City of Shoreline are exempt from paying federal fuel taxes. This equates to a purchase reduction of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel. The School District includes an 8% surcharge to recover administration and maintenance costs.
- All of the maintenance for the pumps, tanks, software programs and other equipment is provided by the Shoreline School District. Also, the fuel quantity levels are checked by the School District.
- The School District fuel pumps are located close to the Hamlin Maintenance Facility. Subsequently, the close proximity to the fueling pumps saves fuel and staff travel time when fueling vehicles and equipment.
- Since the fueling facility is owned by the Shoreline School District, access to the pumps is permitted during specific hours of operation. Also, access to the fuel facility may be granted by the School District during weekend and specific emergency events.

### **RESOURCE/FINANCIAL IMPACT**

The City's 2013 fuel budget totals \$96,426. The fuel budget provides funding for City vehicles and equipment. City fuel usage have historically fluctuated and increased primarily due to additional work activities such storm and weekend events along with other projects. The total cost for fuel provided by the Shoreline School District in 2010 was \$61,291 and \$80,488 in 2011. The overall increase in the cost from 2010 to 2011 stems from the quantity and the price per gallon of fuel. The following table provides a summary of the quantity (gallons) of fuel purchased from the Shoreline School District in 2010 and 2011:

<b>Type of Fuel</b>	<b>2010</b>	<b>2011</b>
<b>Gasoline</b>	16,774	16,875
<b>Diesel</b>	6,681	7,056
<b>Total Fuel</b>	23,455 (gallons)	23,931(gallons)
<b>Total Cost</b>	<b>\$61,291</b>	<b>\$80,488</b>

### **RECOMMENDATION**

Staff recommends that Council authorize the City Manager to execute the Joint Use Agreement for Fuel Station with the Shoreline School District to purchase fuel from the Shoreline School District.

### **ATTACHMENT**

Attachment A – Joint Use Agreement for Fuel Station

## JOINT USE AGREEMENT FOR FUEL STATION

### SHORELINE SCHOOL DISTRICT AND CITY OF SHORELINE

Shoreline School District #412 ("District") and the City of Shoreline ("City") hereby enter into a Joint Use Agreement ("Agreement"), effective December 10, 2012, for the purpose of City access to and ability to purchase vehicle fuel from the District. The District's fueling station is currently located at the Shoreline School District Transportation Department, 1216 NE 165<sup>th</sup> St, Shoreline, WA. 98155. Authority for this Agreement is contained in 39.34 RCW (interlocal cooperation act).

#### **A. Context and Purpose**

The District owns and maintains a diesel fuel and unleaded gasoline fueling station for the purpose of refueling District owned vehicles.

Although the City, like the District, is exempt from federal fuel taxes, the City does not own its own fueling station at this time. After the City incorporated and increased its fleet size, the City approached the District to use the District fueling station instead of using commercial gas stations. If the City used commercial gas stations, it would have to pay federal taxes on each gallon of gas pumped.

#### **B. Intent**

This Agreement is intended to formalize the City's use of the District's vehicle fueling station.

#### **THE PARTIES AGREE AS FOLLOWS:**

##### **1. Joint Use**

The City may use the District's vehicle fueling station to fuel the City's maintenance vehicles, according to the terms contained in this Agreement. The use of the District fueling station by the City has been arranged as a courtesy and should not be construed as an entitlement by the City. In addition, the City understands the District has priority to the fuel and fueling station and if a limited supply exists the District has superior rights to any available fuel.

As necessary, the City will provide and update the District with codes for each vehicle and department that will be using the fueling station. The District shall enter these codes into its inventory and billing software.

##### **2. Fuel Supplier and Brand**

The District has the sole authority to manage the refilling of the fuel storage tanks. The District will utilize any available method or opportunity to contract with fuel suppliers per RCW 28A.335.190 and related District policies.

##### **3. Fuel Price**

The City's cost of the fuel shall depend upon the District's fuel supplier contracts, over which the District shall have sole discretion. The City understands that fuel costs may fluctuate during the

## ATTACHMENT A

term of this Agreement. Should the District's contracted fuel price rise to a level the City finds unacceptable, the City's sole remedy shall be to terminate this Agreement.

### **4. Payments and Invoice**

The District will invoice the City monthly for fuel used. The District shall invoice the City for actual fuel used at the current contracted price, plus an 8% surcharge to recover District administration and maintenance costs. The City shall promptly pay each invoice upon receipt according to the City's accounts payable procedures, but no later than 30 days after receipt of invoice from the District. Late payments shall be assessed a 10% penalty.

### **5. Re-Fueling Procedures, Liability, Safety and Hazards**

Upon entering the fueling station, City employees shall enter a City department code and a City vehicle code at the fueling station to allow for the proper information to be entered for billing purposes. Recognizing that the City may need to respond to emergency situations, such as severe weather or catastrophic events, the School District will provide access to the fueling stations for emergency response outside of the hours agreed upon in Section 6 of this agreement. The City is required to follow District security and access protocols during these times. The City's Central Services Manager will provide notification to the District of the emergency situation and the expected duration for the need of special access to the fueling stations. In the event the City requires emergency access during hours the District's Transportation Department and yard are closed, the City employee will enter a code to open the main gate and when finished will exit the Transportation yard and properly secure the gate lock.

The District will provide training for the use of the fueling station to the City. The City will inform the District if it is aware of faulty or damaged equipment or refueling operations and will take the utmost care and proper safety procedures with the equipment.

The City understands that it uses the District's fueling station at its own risk. The District will make every effort to offer quality fuel and properly functioning refueling equipment; however, the District is not liable in the event the fuel is contaminated or other issues that result in any internal or external damage to a City vehicle, City personnel, pedestrian and/or vehicle accident, injury, death, or any other act related to the fuel or the fueling station. The District holds no liability of improper use or fraud from fueling for non authorized uses or non-City owned vehicles by any City employee. In addition, the City accepts there are inherent hazards when in contact with fuels, fuel vapors and fuel delivery systems. The City shall defend, indemnify, and hold the District and its employees and agents harmless from any injury or damage arising from the City's use of the District's refueling station.

The City shall be wholly responsible for repairing or replacing any damaged, vandalized, or stolen property in or around the Transportation yard, including but not limited to vehicles owned by the District, personal vehicles of District staff, equipment owned or not owned by the District in the Transportation yard, the fueling station itself, buildings, fencing, gate, landscaping, or any other property owned or not owned by the District within the Transportation yard, to the extent such damage arises from the City's use or access to the District fuel station.

In the event the City's use of the District's fueling station results in a hazardous fuel spill, the City shall reimburse the District's out of pocket costs associated with mitigation of the spill.

### **6. Fuel Availability**

The City shall have access to the District fueling station twelve months of the year during business hours, 6 a.m. to 5 p.m. Monday through Friday, excluding district observed holidays. The City should be prepared to manage unforeseen circumstances that may affect the availability of fuel and the District fueling station which may disrupt continuous use, such as a supplier's inability to furnish fuel, fueling station repairs, closures of the District fueling station, the District

ATTACHMENT A

ceasing operation of the fuel station, and other circumstances. The District will provide at least 14 days notice to the City for anticipated disruptions in access to the fueling stations and attempt to provide as much advance notice as possible in the event of unforeseen disruptions.

**7. Maintenance**

The District shall have sole discretion to maintain, hold, inspect, and upgrade the fueling station as it sees fit or as required by law for proper use, subject to the availability of repair parts and service personnel. The District shall have the sole discretion to close the fuel station if necessary for maintenance or emergency repairs.

**8. Term of Agreement**

This Agreement shall remain in effect until terminated by either party. The City may terminate this Agreement at any time, provided that it pays all outstanding invoices at the time of termination. The District may terminate this Agreement upon thirty (30) days advance written notice to the City, provided that the District may terminate the Agreement immediately for cause or in the event of an emergency.

In WITNESS WHEREOF, and with the express approval of the governing bodies of each jurisdiction, the parties hereto have caused the Agreement to be executed on their behalf:

**CITY OF SHORELINE:**

By \_\_\_\_\_

(Print name/position) \_\_\_\_\_

Date \_\_\_\_\_

Approved as to form:

By \_\_\_\_\_

City Attorney

Date \_\_\_\_\_

**SHORELINE SCHOOL DISTRICT #412:**

By \_\_\_\_\_

(Print name/position) \_\_\_\_\_

Date \_\_\_\_\_

Approved as to form:

By \_\_\_\_\_

Attorney for the District

Date \_\_\_\_\_

This page intentionally left blank

This page intentionally left blank