

August 13, 2009

TO: ALL STATE AGENCIES, SCHOOL DISTRICTS, MUNICIPALITIES,
VOLUNTEER FIRE COMPANIES AND POLITICAL SUBDIVISIONS

FROM: ROXANN M. PARKER
STATE CONTRACT PROCUREMENT OFFICER II
302-857-4555

SUBJECT: **AWARD NOTICE #1 – Effective November 25, 2009**
CONTRACT NO. GSS09002-GASOLINE
GASOLINE - REFORMULATED

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KEY CONTRACT INFORMATION**

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KEY CONTRACT INFORMATION

1. MANDATORY USE CONTRACT:

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REF: Title 29, Chapter 6911(d) Delaware Code. Every state department and agency within the Executive Branch and Judicial Branch of the state government shall procure all material, equipment and nonprofessional services through the statewide contracts administered by Government Support Services, Office of Management and Budget. Delaware State University, Delaware Technical and Community College, the operations funded by Public School Districts, Delaware Transit Corporation, Department of Elections, the Legislative Branch and the Board of Pension Trustees and their consultants are specifically exempted from the requirements of this subsection.

2. CONTRACT PERIOD:

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Each contractor's contract shall be valid for a two (2) year period from September 1, 2009 through August 31, 2011. Each contract may be renewed for two (2) additional one (1) year period through negotiation between the contractor and Government Support Services. Negotiation may be initiated no later than ninety (90) days prior to the termination of the current agreement.

3. VENDORS:

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Cato, Inc. PO Box 1030 Salisbury, MD 21803-1039 Contact: Pete Phoebus Phone: 888-399-2286 x 3066 Fax: 410-546-0757 Email: pete@catoinc.com	Pedroni Fuel Co. 385 Wheat Rd. Vineland, NJ 08360 Contact: Michael Steffer Phone: 800-642-9191 Fax: 856-697-8969 Email: pedronifuel@comcast.net
ISObunkers, LLC 2 New Road Suite 311 Aston, PA 19014 Contact: Charles E. Joanedis Phone: 610-361-8000 Fax: 610-351-8924 Email: Joanedis@acenergy.biz	Petroleum Traders Corp. 7120 Pointe Inverness Way Fort Wayne, IN 46904 Contact: Gayle Newton Phone: 800-348-3705 x 1002 Fax: 260-207-6347 Email: gnewton@petroleumtraders.com
Griffith Energy Services 1400 E. Lebanon Rd. Dover, DE 19901 Contact: Mary Lerch Phone: 302-697-3251 Fax: 302-697-9148 Email: mlech@griffithoil.com	Riggins Inc. PO Box 150 Millville, NJ 08332 Contact: Paul Riggins Phone: 856-825-7600 Fax: 856-825-2270 Email: rpriggins@riffinsoil.com

4. SHIPPING TERMS:

As required by individual agency.

5. DELIVERY AND PICKUP:

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As required by individual agency.

6. PRICING:

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Prices shall be net per gallon F.O.B. agency storage tanks.

Floating Price:

Prices shall be on a per gallon basis for each grade of RFG Ethanol 10% gasoline. The price shall correspond to the daily UNBRANDED AVERAGE posting for the Wilmington Harbor as published in OPIS.

Added to the daily price shall be the delivery charge per gallon for each particular zone. The delivery charges shall remain firm for the duration of the contract period.

The invoiced price shall be based on the date of delivery. In the event that a delivery is late at the fault of the vendor, the ordering agency at its option may request that the invoice reflect the daily index price for the promised delivery date rather than the actual delivery date had the index gone up during that time period.

Invoiced prices SHALL be exclusive of all Federal and State taxes, with the exception of the following:

<u>Tax Name</u>	<u>Current Rate</u>
Delaware Hazardous Substance Clean-Up Tax	.009
Federal Leaking Underground Storage Tank (LUST) Tax	.001

The Delaware Hazardous Substance Clean-Up Tax shall be billed as a separate line item on all invoices. This tax is on the total dollar amount of the invoice, not on the per gallon price (.009 X amount of invoice).

The Federal LUST Tax shall also be billed as a separate line item on all invoices. This tax is on the per gallon price and not the total dollar amount of the invoice (.001 X per gallon price). There are no exemptions from LUST tax except for exports. *Public Law 109-58; Sec. 1362(b)*.

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6. PRICING (continued):

NEW CASTLE COUNTY				
<i>Tank "A" 5,000 & Up</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Pedroni	Charge/Gallon	-\$0.0339	NA	NA
Riggins	Charge/Gallon	NA	\$0.0096	\$0.0096
<i>Tank "B" 2,000 to 4,999</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Riggins	Charge/Gallon	\$0.1400	\$0.1400	\$0.1400
<i>Tank "C" Up to 1,999</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Riggins	Charge/Gallon	\$0.1880	\$0.1880	\$0.1880
KENT COUNTY				
<i>Tank "A" 5,000 & Up</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Pedroni	Charge/ Gallon	- \$0.0039	NA	NA
Cato	Charge/Gallon	NA	\$0.0685	\$0.0685
<i>Tank "B" 2,000 – 4,999</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
NO BIDS RECEIVED				
<i>Tank "C" Up to 1,999</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Griffith Energy Service	Charge/Gallon	0.365	No Bids Received	0.365
SUSSEX COUNTY				
<i>Tank "A" 5,000 & Up</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
ISObunkers	Charge/Gallon	\$0.0618	NA	NA
Cato	Charge/Gallon	NA	\$0.0685	\$0.0685
<i>Tank "B" 2,000 – 4,999</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Griffith Energy Service	Charge/Gallon	\$0.1950	\$0.1950	NA
Petroleum Traders	Charge/Gallon	NA	NA	\$0.2500
<i>Tank "C" Up to 1,999</i>				
Vendor	Price Structure	Regular Unleaded	Mid-Grade Unleaded	Premium Unleaded
Griffith Energy Service	Charge/Gallon	0.245	NA	NA

Petroleum Traders	Charge/Gallon	NA	0.32	0.32
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ADDITIONAL TERMS AND CONDITIONS

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7. MOST-FAVORED CUSTOMER:

The contractor shall not offer to others prices lower than those provided in the contract, or if lower prices are offered they must also apply to the subject contract.

8. PRICE ADJUSTMENT:

If agreement is reached to extend this contract for the second, optional year, the Division of Government Support Services shall have the option of offering a determined price adjustment and shall not exceed the current Philadelphia All Urban Consumers Price Index (CPI-U), U.S. City Average. If the CPI-U is used, any increase/decrease shall reflect the change during the previous published twelve (12) month period at the time of renegotiation.

9. QUANTITIES:

The quantities given in the ITB are best estimates and were given as a basis for the comparison of bids. Quantities ordered may be increased or decreased by any eligible agency as deemed necessary during the period of the contract.

10. FUNDING OUT:

The continuation of this contract is contingent upon funding appropriated by the legislature.

11. BILLING:

The successful vendor is required to "Bill as Shipped" to the respective ordering agency(s). Ordering agencies shall provide at a minimum the contract number, ship to and bill to address, contract name and phone number.

12. PAYMENT:

The agencies or school districts involved will authorize and process for payment each invoice within thirty (30) days after the date of receipt. The contractor or vendor must accept full payment by procurement (credit) card and/or conventional check and/or other electronic means at the State's option, without imposing any additional fees, costs or conditions.

13. PRODUCT SUBSTITUTION:

All items delivered during the life of the contract shall be of the same type and manufacture as specified unless specific approval is given by Government Support Services to do otherwise. Substitutions may require the submission of written specifications and product evaluation prior to any approvals being granted.

14. ORDERING PROCEDURE:

Successful contractors are required to have either a local telephone number within the (302) area code, a toll free (800) number, or agree to accept collect calls. Each agency is responsible for placing their orders and may be accomplished by written purchase order, telephone, fax or computer on-line systems. The contractor or vendor must accept full payment by procurement (credit) card and/or conventional check and/or other electronic means at the State's option, without imposing any additional fees, costs or conditions.

15. HOLD HARMLESS:

The contractor agrees that it shall indemnify and hold the State of Delaware and all its agencies harmless from and against any and all claims for injury, loss of life, or damage to or loss of use of property caused or alleged to be caused, by acts or omissions of the contractor, its employees, and invitees on or about the premises and which arise out of the contractor's performance, or failure to perform as specified in the Agreement.

16. NON-PERFORMANCE:

In the event the contractor does not fulfill its obligations under the terms and conditions of this contract, the ordering agency may purchase equivalent product on the open market. Any difference in cost between the contract prices herein and the price of open market product shall be the responsibility of the contractor. Under no circumstances shall monies be due the contractor in the event open market products can be obtained below contract cost. Any monies charged to the contractor may be deducted from an open invoice.

17. FORCE MAJEURE:

Neither the contractor nor the ordering agency shall be held liable for non-performance under the terms and conditions of this contract due, but not limited to, government restriction, strike, flood, fire, or unforeseen catastrophe beyond either party's control. Each party shall notify the other in writing of any situation that may prevent performance under the terms and conditions of this contract.

18. AGENCY'S RESPONSIBILITIES:

The Agency shall:

- a. Examine and review in detail all letters, reports, drawings and other documents presented by the Contractor to the Agency and render to the Contractor in writing, findings and decisions pertaining thereto within a reasonable time so as not to delay the services of Contractor.
- b. Give prompt written notice to the Contractor whenever the Agency observes or otherwise becomes aware of any development that affects the scope or timing of the Contractor's services.

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19. INVOICES

The contractor shall break out the invoice as follows: price per gallon, delivery charge, Delaware Hazardous Substance Clean-up Tax and total price.

Additional information that is required to be on the invoice is as follows:

1. Name of Supplier
2. A statement that the gasoline complies with the specifications as defined by ASTM D4814 or the most current revision.

Any invoice that is not in the above format will be returned.

20. USE OF GASOLINE

Gasoline sold under this contract will be used by all State Agencies and shall be accessible to any School District, Political Subdivision or Volunteer Fire Company.

21. GASOLINE EXEMPTION CERTIFICATES/DOCUMENTATION:

Agencies are advised that they shall **NOT** sign gasoline exemption certificates or any other documentation they receive from the contractor(s). They are to fax a copy of all such items to the Contract Officer immediately upon receipt.

REQUIREMENTS

A. DELIVERY REQUIREMENTS/RESTRICTIONS:

Delivery to eligible state agencies, municipalities, school districts and volunteer fire companies shall be on a "will call" or "automatic delivery" basis according to the following terms and conditions:

1. All orders for the delivery of gasoline shall be made within forty-eight (48) hours of the date and time of the order except for certain exceptions listed below (paragraph 5).
2. The delivery of gasoline to group "A" tanks (5,000 gallons and larger) shall be made on a "Will Call" basis only.
3. The delivery of gasoline to group "B" and "C" tanks shall be a "Will Call" or "Automatic" basis at the discretion of the ordering agency. If automatic delivery is selected, the ordering agency shall supply tank size and the rate of consumption so that an automatic delivery interval can be established.

Contractor(s) who repeatedly allow a tank on Automatic Delivery to run out of fuel shall be liable for all cost incurred for the repair of the tank and associated equipment.

4. It shall be at the vendor's discretion to accept orders or deliver product to tanks which are more than 25% full. However, this shall not apply to automatic deliveries or shipments, which constitute a full tank truck.
5. The following locations shall require delivery within twenty-four (24) hours after placement of order:

Agency	County	Tank Group	Gasoline
State Police Troop 3, Camden	Kent	A	Regular Unleaded
State Police Troop 5, Bridgeville	Sussex	B	Regular Unleaded

6. Delivery of product to all Department of Transportation facilities in New Castle, Kent and Sussex County shall be made between the hours of 8:00 AM and 3:00 PM, Monday through Friday unless otherwise requested.
7. The contractor shall accept orders for gasoline seven (7) days per week, twenty-four (24) hours per day.
8. Agencies ordering gasoline on a "will call" basis are encouraged to fax a copy of the purchase order to the contractor and confirm a delivery date.

REQUIREMENTS

A. **DELIVERY REQUIREMENTS/RESTRICTIONS:** (Continued)

All tanks, 5,000 gallon and over shall be filled by the submerged fill method. The contractor shall provide written certification at the time of delivery. Failure to provide the certification may result in the termination of the contract.

B. **EMERGENCY DELIVERY:**

If an agency determines itself to be out of gasoline or in an impending out of gasoline condition, the ordering agency may "**DECLARE AN EMERGENCY**". Under this extreme condition delivery shall be made under the following guidelines:

1. **WILL CALL ACCOUNTS:** Delivery shall be made within eight (8) hours of the "DECLARATION".
2. **AUTOMATIC DELIVERY ACCOUNTS:** Keeping the tank filled shall be the responsibility of the vendor. Any unusual situation that would increase the demand for gasoline consumption must be communicated by the using agency to the vendor so that adjustments can be made. It is required that these accounts shall have the highest priority for service should they be allowed to reach an emergency situation.

Once an agency "**DECLARES AN EMERGENCY**" the following steps shall be followed:

1. Contractor shall confirm with the ordering agency a realistic delivery time. The agency must then determine if that is acceptable. If the projected delivery time is unacceptable then:
2. Contractor may select another distributor who is able to make a timely delivery. The ordering agency must then give permission to the vendor for this alternative. Contracted pricing and invoicing shall be the responsibility of the State's contractor.
3. If another distributor cannot be mutually secured for immediate delivery, then the ordering agency may after it determines that a critical situation exists, place an order on the open market. In that situation the vendor shall pay the consequences as stated in paragraph 16 -"**NON-PERFORMANCE**".

These guidelines are designed to help open communications between the agencies and the vendor. Whatever the cause that places an agency in an emergency situation it is hoped that deliveries would be made with minimal disruption to an agency's operation. These guidelines are not designed to open the door for **SUB-CONTRACTING** deliveries.

REQUIREMENTS

C. **DELIVERY DOCUMENTS:**

Computerized bills of lading, metered slips from terminal loadings, sealed compartments and/or delivery tickets are acceptable deliveries. Using agency may require sealed compartments. Present delivery documents to the receiving agency PRIOR to unloading, if not metered. Signing of documents will occur after unloading and verification of quantities received. The State will pay for gallons received – METERED OR otherwise; no adjustment is made for temperature, etc.

D. **SPILLAGE:**

All spillages shall be corrected on an immediate basis and to the satisfaction of the ordering agency. All associated costs including materials, labor and any damages resulting from the spillage shall be borne by the contractor. The contractor shall immediately notify the below listed office of all spillages:

Department of Natural Resources and Environmental Control
Division of Air and Waste Management
24 hour Hotline
In State Phone No.: 800-662-8802
In/Out of State Phone No.: (302) 739-5072

E. **SITE VISITS:**

Vendors may visit any of the listed delivery locations in this contract by calling the Point of Contact for each site and schedule an appointment. A site list can be found on pages 30-39 of the ITB for this contract. There may be additional entities accessing this contract that are not listed.

REQUIREMENTS

F. **PRODUCT SPECIFICATIONS:**

The Gasoline shall conform to the ASTM Designation D4814 or the most current revision. The gasoline shall have an Antiknock Index as shown below, and be adjusted for season and locality in accordance with recommendations in ASTM D4814.

	ANTIKNOCK INDEX (RON. & MON.) /2 <u>MIN.</u>
UNLEADED REGULAR GRADE	87.0
UNLEADED MID-GRADE	89.0
UNLEADED PREMIUM GRADE	92.0

In addition, and if applicable, the fuel shall contain an effective Port Fuel Injector Detergent-Dispersant Package and at the concentration being supplied, shall “MAINTAIN” volume flow of fuel through injectors. Contractor shall certify that each delivery contains the “MAINTAIN” level of detergent-dispersant additive. This certification shall accompany each delivery.

G. **PRODUCT QUALITY/TESTING/LIABILITY:**

Gasoline sold to School Districts and all eligible agencies shall be subject to periodic testing, at the agency's discretion, according to ASTM specification D4814 or the most current revision. From time to time the ordering agency shall collect a sample of product from the vendor's tank truck prior to delivery into the facility's storage tank. The sample size shall be sufficiently large to permit multiple product analysis. Samples shall be obtained and stored in a manner, which precludes contamination, by foreign substances.

Periodically, product samples shall be submitted to an independent laboratory for testing according to ASTM specification D4814 or the most current revision. Product shall also be tested if changes in, or problems with the operation of the State's automobiles point to a specific need for confirmation of product quality.

REQUIREMENTS

G. **PRODUCT QUALITY/TESTING/LIABILITY:** (Continued)

The State will assume the cost of product analysis unless the sample fails to meet specification. In this instance, all costs associated with testing and analysis shall be borne by the contractor. If a product sample fails to meet specifications it shall be the responsibility of the contractor to show compliance with the specification. In every event, Government Support Services shall be the final authority regarding compliance with product specification.

If product fails to meet specification for items including, but not limited to, undissolved water, sediment and suspended matter the contractor shall be liable for product remaining in storage tanks, storage tank and fuel line cleaning and damage to motor vehicles which result from using non-conforming product.

H. **CONTROL OF VOLATILE ORGANIC COMPOUND EMISSIONS:**

All bidders/subcontractors shall be familiar with Delaware Regulation No. 24, Section 26, Gasoline Dispensing Facility Stage I Vapor Recovery, which applies to the subcontractors control of gasoline vapors at a gasoline dispensing facility for any delivery vessel (transport truck) into any stationary storage vessel (underground and above ground storage tanks) where the vapors displaced by the liquid gasoline are retrieved to the delivery vessel and transported back to the refinery for reuse. It is the responsibility of the successful vendor to ensure compliance with this regulation.

I. **REFORMULATED GASOLINE:**

All gasoline delivered in the State of Delaware shall be reformulated. Any gasoline that is not reformulated is in violation of the Federal Clean Air Act, Section 211k.