



CITY OF HOUSTON

Administrative Procedure

Subject: **Management of Vehicle Fuel Purchases**

A.P. No:

5-1 Revised

Effective Date:

October 27, 2011

1. AUTHORITY

- 1.1 Article VI, Section 7a, City Charter of the City of Houston.

2. OBJECTIVE

- 2.1 To obtain competitively bid vehicle fuel and/or transportation contract(s).
- 2.2 To establish the roles of each department in regards to fuel purchasing, ordering, transport, delivery, record keeping, billing and invoice payment.

3. SCOPE

- 3.1 This policy applies to all City departments/divisions that are involved in the bidding, contracting, financial planning, ordering, distribution, use and/or storage of fuel used in vehicles, generators or other equipment.

4. DEFINITIONS

Delivery ticket – A form provided by the fuel supplier or transporter that indicates the type and quantity of fuel delivered and the location and tank to which the fuel was delivered.

Fuel – A liquid or gaseous product, such as unleaded gasoline or diesel, that is consumed or burned in a vehicle, generator or other mechanical/electrical equipment in order to provide energy to an engine.

Invoice – A bill from the fuel supplier or transporter seeking payment for either fuel already delivered or a transportation service that has been provided under the terms of an existing contract or purchase order.

5. RESPONSIBILITIES

- 5.1 The Strategic Purchasing Division (SPD) of the Administration and Regulatory Affairs Department (ARA) is responsible for developing all fuel purchasing bid documents within City and state guidelines. The Legal Department shall assist as requested.

- 5.2 The Fleet Management Department (FMD) is responsible for:

- 5.2.1 Tracking fuel inventory levels at all City owned or operated vehicle fuel sites and facility generators;

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- 5.2.2 Determining the need for fuel at each site and ordering fuel;
- 5.2.3 Entering all fuel deliveries into the City's fuel system;
- 5.2.4 Processing and payment of all fuel and transportation invoices. In addition to any contractual obligations, undisputed invoices shall be paid within 30 days from the date received;
- 5.2.5 Maintaining all supporting documentation as it relates to fuel purchases or transport;
- 5.2.6 Monitoring City-wide fuel consumption at both the department and vehicle level;
- 5.2.7 Charging using departments for fuel:
 - 5.2.7.1 Delivered to sites/generators which those departments own or operate.
 - 5.2.7.2 Dispensed into vehicles or other City equipment at sites owned or operated by the FMD.
- 5.2.8 Developing the annual budget for fuel purchases and transportation services.

6. PROCEDURES

6.1 Fuel Purchase, Delivery and Storage Procedures

- 6.1.1 The Fuel Management Division (Fuel Management) of FMD will:
 - 6.1.1.1 Manage all vehicle fuel contracts, purchase orders and contracts for fuel transportation services;
 - 6.1.1.2 Resolve all contractual issues and complaints with the assistance of other departments;
 - 6.1.1.3 Coordinate all environmental issues related to the purchase, transportation and storage of fuel with the appropriate City division(s) responsible for environmental management; and
 - 6.1.1.4 Manage all City fuel related operations during declared emergencies.
- 6.1.2 The department/division responsible for operating a fuel site or generator shall designate a minimum of two employees, one primary and one backup, to be responsible for each site or generator. In order to reduce costs and improve efficiency at sites where FMD does not have personnel, the department that is primarily based at the facility will designate employees for this responsibility. These employees shall have the following responsibilities:
 - 6.1.2.1 Reporting the fuel inventory for each fuel tank on a daily basis at a time determined by Fuel Management;
 - 6.1.2.2 Witnessing fuel deliveries to ensure proper procedures are followed and verifying the delivered volume;
 - 6.1.2.3 Signing the delivery ticket;
 - 6.1.2.4 Emailing a copy of the delivery ticket to Fuel Management within one business day; and
 - 6.1.2.5 Daily inspection of all fuel site equipment to ensure it is working properly and in compliance with all applicable regulations and reporting

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any needed repairs or maintenance to Fuel Management.

6.1.3 Emergency purchases of fuel, transportation services, storage or other fuel services must adhere to the requirements of Administrative Procedure 5-2, Procurement Process.

6.2 Bulk Fuel Control Procedure

6.2.1 Bulk fuel deliveries may be categorized as one of three types:

6.2.1.1 Deliveries by the fuel supplier contractor

6.2.1.1.1 Deliveries by the supplier to a City facility – Invoices for deliveries must include a copy of the Bill of Lading (BOL) and a delivery ticket. Invoices should be submitted to Fuel Management.

6.2.1.1.2 Deliveries by the supplier at a refinery rack or other fuel depot - Invoices for deliveries must include a copy of the BOL.

6.2.1.2 Deliveries by a transport contractor

6.2.1.2.1 Invoices for deliveries must include a copy of the BOL and the delivery ticket.

6.2.1.3 Deliveries made using City owned or operated fuel tankers

6.2.1.3.1 If the fuel delivered by the fuel tanker was received by the tanker operator at a refinery rack or other commercial fuel depot, then the tanker operator must submit a copy of the BOL and the delivery ticket to Fuel Management.

6.2.1.3.2 If the fuel delivered by the fuel tanker was transferred from another City fuel site then the tanker operator must submit a copy of the delivery ticket to Fuel Management. The tanker operator will also note the City site/tank that was the source of the fuel supply.

6.3 Internal Accounting and Control

6.3.1 FMD may monitor and audit for compliance with this Administrative Procedure.

6.3.2 All departments and divisions that own/operate a fuel site or wish to purchase a vehicle should consult the Finance Department during budget preparation in order to ensure that proper funds for bulk fuel purchases are included for the next fiscal year.

6.3.3 Fuel Management will prepare an annual forecast of bulk fuel costs and usage during the budget preparation period and submit that forecast to the Finance Department to ensure proper funds for bulk fuel purchases are included in the next fiscal year. Fuel Management will update this forecast periodically.

6.3.4 As bulk fuel and transport invoices are paid, Fuel Management will charge back the amount to the department that operates the fuel site that received the fuel.

6.3.5 Fuel at sites operated by FMD will be billed monthly to departments based on the total fuel dispensed into vehicles/equipment owned or operated by each department.

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