



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Aldinger and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Dick Warner, General Services Manager (Interim)

DATE: May 6, 2008

SUBJECT: Consideration of Ratification of Motor Fuel Purchase from Merrimac Energy Group in the Amount of \$28,323.79

RECOMMENDATION:

Staff recommends that the City Council ratify the purchase of motor fuel from Merrimac Energy Group in the amount of \$28,323.79.

FISCAL IMPLICATION:

Sufficient funds are available in the Public Works Fleet budget for this purchase.

DISCUSSION:

The City operates a fueling station located at the City Yard. The most recent contract for motor fuel was not renewed by the vendor because it wished to renegotiate the pricing structure. Also, because of the instability in wholesale fuel markets, few, if any, vendors are willing to enter into contracts, even with pricing indexed to market movements. Staff has determined that same day bidding and ordering, which makes the formal bidding process not possible, is at this time the best method of securing fuel deliveries.

Staff recently needed to procure motor fuel. The informal bid process resulted in the following responses:

<u>Vendor</u>	<u>Bid (Including Sales Tax)</u>
1. Merrimac Energy Group	\$28,323.79
2. Nickey Petroleum	\$28,365.20
3. Falcon Fuels	\$28,834.91

Merrimac Energy Group was lowest responsible bidder. Because the total purchase exceeded the formal bid limit of \$20,000, staff is requesting ratification for this expenditure. Future motor fuel purchases in excess of \$20,000, which will be made approximately every 30-45 days, will be presented for Council ratification.