



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Gwen Eng, General Services Manager

DATE: September 2, 2008

SUBJECT: Consideration of Ratification of Motor Fuel Purchase from Southern Counties Oil in the Amount of \$29,820.06

RECOMMENDATION:

Staff recommends that the City Council ratify the purchase of fuel from Southern Counties Oil in the amount of \$29,820.06.

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. Our most recent contract for motor fuels was not renewed by the vendor because they wished to renegotiate the pricing structure. Additionally, because of the instability in wholesale fuel markets, few vendors are willing to enter into a contract, even with pricing indexed to market movements. Staff has determined that same day bidding and ordering (making formal bidding not possible) is the best method to secure deliveries.

Recently, staff needed to procure motor fuels. The informal process resulted in the following bids:

<u>Vendor</u>	<u>Total Bid (Incl. Tax)</u>
1. Southern Counties Oil	\$29,820.06
2. Merrimac Petroleum	\$30,235.49
3. Falcon Fuels	no bid
4. Petro-Diamond	no bid

Southern Counties Oil was the lowest bidder for this requirement. Both Falcon Fuels and Petro-Diamond could not provide a quote in time for next day delivery. Because the total purchase exceeded the formal bid limit of \$20,000, staff is now seeking Council ratification for this expenditure. Additional fuel purchases in excess of \$20,000, which will be made approximately

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every 30-45 days, will be presented for Council ratification.