



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager *[Signature]*

FROM: Bruce Moe, Finance Director *[Signature]*
Gwen Eng, General Services Manager *[Signature]*

DATE: January 19, 2010

SUBJECT: Consideration of Ratification of Motor Fuel Purchases from Falcon Fuels (\$20,426.36) and Merrimac Energy Group (\$21,417.59)

RECOMMENDATION:

Staff recommends that the City Council ratify the purchase of fuel from Falcon Fuels in the amount of \$20,426.36 and Merrimac Energy Group in the amount of \$21,417.59.

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 twice in December 2009. The informal process resulted in the following bids:

December 2, 2009 Purchase

1. Falcon Fuels	\$20,426.36
2. Merrimac Energy Group	\$20,632.34
3. Southern Counties Fuels	\$20,747.49

December 30, 2009 Purchase

1. Merrimac Energy Group	\$21,417.59
2. Southern Counties Oil	\$21,495.98
3. Falcon Fuels	\$21,606.28

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Falcon Fuels was the lowest bidder for the December 2nd and Merrimac Energy Group for the December 30th requirements. Because the total of each purchase exceeded the formal bid limit of \$20,000, staff is now seeking Council ratification for these expenditures. Additional fuel purchases will be made approximately every 30-45 days, and if the purchase exceeds \$20,000, it will be presented for Council ratification.