






# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Montgomery and Members of the City Council

**THROUGH:**  David N. Carmany, City Manager

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

**DATE:** March 1, 2011

**SUBJECT:** Consideration of Ratification of Motor Fuel Purchase from Southern Counties Oil Co. in the Amount of \$25,235.55

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### RECOMMENDATION:

Staff recommends that the City Council ratify the purchase of fuel from Southern Counties Oil Co. in the amount of \$25,235.55.

### 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 City's 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 Co.	\$25,235.55
2. Merrimac Energy Group	\$25,266.01
3. DeWitt Petroleum	Incomplete
4. Nickey Petroleum	No Response
5. Falcon Fuels	No Response

The bids requested for this requirement were for gasoline and bio-diesel. DeWitt Petroleum, with whom the City recently entered into a sales tax sharing agreement, provided pricing on regular not bio-diesel, resulting in an incomplete bid. After the bid was awarded, DeWitt Petroleum stated that in the future, they will be able to provide pricing on all requested items. Staff will continue to

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solicit bids from this vendor given the mutually beneficial nature of the sales tax sharing arrangement.

Southern Counties Oil Co. was the lowest bidder for this requirement. Because the total purchase exceeded the formal bid limit of \$20,000, staff is now seeking City Council ratification for this expenditure. Additional fuel purchases will be made approximately every 30-45 days, and if the purchase exceeds \$20,000, it will be presented for City Council ratification.