

Agenda Item #:




Staff Report

City of Manhattan Beach

TO: Honorable Mayor Tell and Members of the City Council

THROUGH:  David N. Carmany, City Manager

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

DATE: December 20, 2011

SUBJECT: Ratification of Motor Fuel Purchase from Southern Counties Oil in the Amount of \$27,494.77

RECOMMENDATION:

Staff recommends that the City Council waive formal bidding per Municipal Code Section 2.36.140 (waivers) and ratify the purchase of fuel from Southern Counties Oil in the amount of \$27,494.77.

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 impractical) 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	\$27,494.77
2. Merrimac Energy Group	\$27,504.25
3. Falcon Fuels	\$30,292.70

DeWitt Petroleum, with whom we recently entered into a sales tax sharing agreement, has declined to bid on the City's fuel requirements. The representative stated that they are unable to hold pricing for next day delivery which the other vendors are able to do. Staff will no longer solicit bids from this vendor.

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Southern Counties Oil 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.