



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** JUNE 23, 2015
FROM: FIRE DEPARTMENT **WARD:** ALL
SUBJECT: EXTENSION OF BID NO. 6745 – FUEL FOR CITY FIRE STATIONS IN THE AMOUNT OF \$220,000

ISSUE:

Approval to extend Bid No. 6745 to Desert Pacific Oil, LLC of Riverside CA and Merit Oil Co. of Bloomington, CA for purchase of motor fuels for City Fire Stations for July 1, 2015 through June 30, 2016.

RECOMMENDATIONS:

That the City Council:

1. Extend Bid Number 6745 to Merit Oil Company and Desert Pacific Oil, LLC for the period of July 1, 2015 through June 30, 2016, for a combined total amount of \$220,000.
2. Authorize the Purchasing Services Manager to issue Annual Purchase Orders for the required fuel and delivery services.

BACKGROUND:

The Purchasing Division periodically solicits bids for delivery of motor fuels to thirteen (13) City fire stations to help manage fuel costs. The Fire Station fuel tanks are relatively small, with a capacity of 500 to 1000 gallons, and thus require frequent refilling. The bid allows for awards to two fuel suppliers, effectively providing a back-up fuel provider in the event either vendor is unable to make a delivery which will ensure that the Fire Department never runs out of fuel.

On July 14, 2009, the City Council awarded Bid No. 6745 to Desert Pacific Oil, LLC and Merit Oil Co. for the purchase of motor fuels for the period of July 1, 2009 through June 30, 2010 in the amount of \$229,043.70 which reflects a fixed margin of \$0.12 and \$0.14, respectively, above wholesale costs. For Fiscal Year 2010/11, both vendors offered the same fixed margin of \$0.12 and \$0.14, respectively above wholesale costs. The fuel purchases did not exceed \$50,000 for each vendor, and as such, the bid extension was approved administratively as authorized in Purchasing Resolution 21182.

On June 21, 2011, the City Council extended the bid for July 1, 2011 through June 30, 2012 at the same fixed margin of \$0.12 above wholesale costs for a total amount of \$150,000. On June 12, 2012, the City Council again extended the bid for July 1, 2012 through June 30, 2013 at the same

fixed margin of \$0.12 above wholesale costs for a total amount of \$190,000. On June 25, 2013, the City Council again extended Bid 6745 for July 1, 2013 through June 30, 2014 at the same fixed margin of \$0.12 above wholesale costs. On June 24, 2014, the City Council approved extension of Bid 6745 with Merit Oil Company and Desert Pacific Oil, LLC, at the same fixed margin of \$0.12 above wholesale costs.

Merit Oil Company and Desert Pacific Oil, LLC have both agreed to continue the same pricing of \$0.12 above wholesale costs for an additional year, extending the bid from July 1, 2015 through June 30, 2016. These suppliers have provided satisfactory service to the Fire Department.

The Purchasing Services Manager concurs with the recommendations above.

FISCAL IMPACT:

FY 2015-16 Fire Department fuel costs are estimated at \$220,000. Sufficient funds are available in the proposed FY 2015-16 Fire Department – Motor Fuels and Lubricants Account No. 3510000-426300.

Prepared by: Michael D. Moore, Fire Chief

Certified as to

availability of funds: Brent A. Mason, Finance Director/Treasurer

Approved by: Alexander T. Nguyen, Assistant City Manager

Approved as to form: Gary G. Geuss, City Attorney