



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 21, 2016

FROM: GENERAL SERVICES DEPARTMENT WARDS: ALL

SUBJECT: AMEND THE ANNUAL PURCHASE ORDER FOR BID NO. 6669 TO EXTEND THE TERM BY TWO MONTHS FROM JULY 1, 2016 TO AUGUST 30, 2016 FOR MOTOR FUELS FOR THE CORPORATION YARD FUEL ISLAND IN ACCORDANCE WITH PURCHASING RESOLUTION 22576 SECTION 201(G)

ISSUE:

The issue for City Council consideration is approval to amend the Purchase Order for Bid No. 6669 to extend the term by two months from July 1, 2016 to August 30, 2016 for motor fuels from IPC USA Inc. (IPC) for the Corporation Yard fuel island in accordance with Purchasing Resolution 22576, Section 201(g).

RECOMMENDATION:

That the City Council approve amending the Purchase Order for Bid No. 6669 for the purchase of gasoline and diesel fuel at a cost of \$0.005 above the Oil Price Information Service (OPIS) wholesale price for the period of July 1, 2016 through August 30, 2016 from IPC USA, Inc. of Irvine, California in accordance with Purchasing Resolution 22575, Section 201(g).

BACKGROUND:

IPC is a distributor of gasoline, diesel and other petroleum products. On October 14, 2008, the City Council approved the award of Bid No. 6669 to IPC for the Police Department's Magnolia Station annual gasoline requirement. Based on Bid No. 6669 pricing and the excellent service received, the Purchasing Division negotiated regular deliveries by IPC to the Corporation Yard fuel island for the Fleet Management Division beginning in 2012.

On June 2, 2015 the City Council approved an amendment to the Purchase Order with IPC to provide gasoline and diesel fuel to the Corporation Yard at \$0.005 above the OPIS wholesale price which expires on June 30, 2016. In lieu of another longer term extension to the Purchase Order for Bid No. 6669, staff has determined it is in the best interest of the City to request this short term (two month) extension to the Purchase Order for Bid No. 6669 and to then issue a new bid for motor fuels. Staff will return to City Council to request approval to award a new bid for fuel purchases at the Corporation Yard fuel island in the next two months. In the meantime, IPC has agreed to extend the current pricing through August 30, 2016.

Purchasing Resolution 22576, Section 201(g) states that competitive procurement shall not be

required when goods or services can be procured from a contractor who offers the same or better price, terms and conditions as the contractor previously offered as the lowest responsible bidder under competitive procurement or negotiations conducted by the City or another public agency, provided that, in the opinion of the City's Purchasing Services Manager, it is in the best interest of the City to do so. This pricing is lower than the price of the original Bid No. 6669.

The Purchasing Services Manager concurs with the recommendation above.

FISCAL IMPACT:

The estimated cost of motor fuels for the period July 1, 2016 to August 30, 2016 is \$290,000 based on an estimate of 83,500 gallons of gasoline and 14,000 gallons of diesel fuel. This figure may fluctuate based on volume used and current OPIS wholesale pricing. The cost of fuel is accounted for in an inventory account, account number 0000650-14110, in the Central Garage Fund. At the time of service, the cost is subsequently charged to the appropriate department based on consumption. Those costs are included in the annual budget.

Prepared by:	Carl Carey, General Services Director
Certified as to	
availability of funds:	Scott G. Miller, Interim Finance Director/Treasurer
Approved by:	Marianna Marysheva-Martinez, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney