

Agenda Report

To: CITY COUNCIL **DATE:** August 16, 2004

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ISSUE A PURCHASE ORDER CONTRACT WITH G.P. RESOURCES, INC. FOR FLEET FUEL

RECOMMENDATION

It is recommended that the City Council authorize the issuance of a purchase order contract to G.P. Resources, Inc. in an amount not to exceed \$1.5 million to meet the City's annual fuel needs for the purchase of fuel for the City's fleet vehicles. The contract is for a one-year period with two optional one-year extensions, without further City Council review. The proposed purchase order contract is exempt from competitive bidding pursuant to City Charter section 1002 [H], contracts with other government entities or their contractors.

BACKGROUND

Over the last several years, the cities of Pasadena, Glendale and Burbank have pooled their purchasing power in order to achieve economies of scale when purchasing vehicle fuel. Due to the recent volatility in fuel prices, the City of Glendale, which has taken the lead responsibility for the tri-city bid process, has extended the current contract with G.P. Resources for one additional year at the same contract pricing terms. Fuel pricing is based on the Oils Price Information Service (O.P.I.S.) market index for the Los Angeles area. The current contract terms have established a fixed mark-up/discount rate that is linked to the O.P.I.S., which rises and falls as a function of the oil market.

Therefore, it is recommended that the City Council authorize the issuance of a purchase order contract to G.P. Resources for a one-year period. The contract may be extended for a period of up to two additional one-year periods, with the approval of the City Manager and without further City Council approval provided that the contract pricing terms remain the same.

FISCAL IMPACT

Funds for the purchase for fuel are provided for in the Fleet Maintenance account 462200. The amount of fuel purchased is a function of the City's needs. The City's fuel cost for the past twelve months was \$ 1,271,000.

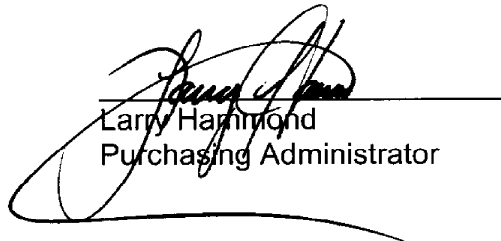
Respectfully submitted,


Cynthia J. Kurtz
City Manager

Approved by:


Jay M. Goldstone
Director of Finance

Prepared by:


Larry Hammond
Purchasing Administrator