

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** June 22, 2009

**FROM:** CITY MANAGER

**SUBJECT:** AUTHORIZE THE INCREASE OF PURCHASE ORDER NUMBER 39913 WITH GENERAL PETROLEUM RESOURCES, INC. FOR FLEET FUEL BY \$340,000 FOR AN AMOUNT NOT TO EXCEED \$2,340,000

**RECOMMENDATION:**

It is recommended that the City Council authorize an increase to Purchase Order Number 39913 with G.P. Resources, Inc. by \$340,000 for the City's annual purchase of fuel for the City's fleet vehicles, thereby increasing the Purchase Order to \$2,340,000.

**BACKGROUND:**

The current contract with General Petroleum Resources, Inc. covers the purchase of approximately 900,000 gallons of unleaded and diesel fuel annually. The California Air Resources Board (CARB) has established unleaded fuel as a low emission fuel and mandates the use of ultra low sulfur diesel to decrease pollutants released into the atmosphere. As a result of the increased cost of fuel it is necessary to increase the GP Resources, Inc. purchase order.

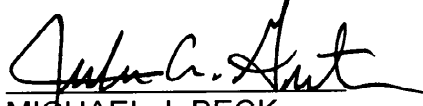
In September of 2007 the City Council approved a purchase order contract with GP Resources, Inc. for the purchase of fuel to meet the City's fuel needs in the amount of \$2,000,000 for two years, and three, one-year extensions with City Manager approval. As part of the FY2009 operating budget, the City Council approved \$2,439,000 in fuel purchases. The increase to this existing purchase order will allow payment for all fuel invoices for FY2009 within the approved budgeted amount.

The purchase order amount for \$2,000,000, approved in September, 2007, was based on average fuel pricing of \$2.55 per gallon for unleaded gasoline and \$2.54 for diesel. Since the time this figure was developed, fuel prices for FY2009 have risen to an average of \$2.68 for unleaded and \$2.70 for diesel. This action will bring the purchase order in line with the amount and cost of fuel purchased.


**FISCAL IMPACT:**

Sufficient Fleet Maintenance Funds are available in Fleet Maintenance budget (account 503-8137-766200) to cover this increased purchase order.


Respectfully submitted,

  
for MICHAEL J. BECK  
City Manager

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