

Agenda Report

January 23, 2017

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: CONTRACT AWARD TO FALCON FUELS, INC. FOR PURCHASE OF UNLEADED AND DIESEL FUEL FOR A NOT-TO-EXCEED AMOUNT OF \$5,400,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt from the California Environmental Quality Act (CEQA) in accordance with Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. Accept the bid dated November 16, 2016 submitted by Falcon Fuels, Inc. in response to specifications for unleaded and diesel fuel; reject all other bids received; and, authorize the City Manager to enter into a contract with Falcon Fuels, Inc. in an amount not to exceed \$5,400,000 over a three-year period with the option for two additional one-year terms in the annual amount of \$1,800,000, at the discretion of the City Manager, for a maximum total contract length of five years.

BACKGROUND:

The Department of Public Works, Building Systems and Fleet Management Division (BSFMD) purchases and supplies unleaded and diesel fuel to the City's fleet. On October 27, 2016, a Notice Inviting Bids for the purchase of unleaded and diesel fuel was published in the *Pasadena Journal* and posted on the City's website, which generated notices to 147 vendors. Twenty-two vendors downloaded the bid documents and none were local.

Base fuel pricing is based on the Oils Price Information Sheet (OPIS) market index. Per the bid specifications, bidders were asked to use the OPIS price as of November 14, 2016 and provide the mark-up they will charge the City on purchases for each type of fuel. This total price per gallon provided by bidders was then multiplied by the projected gallons the City expects to order annually.

Six vendors submitted bids by the bid closing date of November 23, 2016. The bid results are as follows:

Bidder		Amount (\$)
1. Falcon Fuels, Inc.	Paramount, CA	\$923,883
2. TAC Energy	Dallas, TX	\$939,421
3. Southern Counties	Orange, CA	\$964,306
4. Mansfield Oil Co.	Gainesville, GA	\$977,783
5. Merrimac Petroleum, Inc.	Long Beach, CA	NON-RESPONSIVE
6. Pinnacle Petroleum, Inc.	Huntington Beach, CA	NON-RESPONSIVE

Bid proposals were evaluated by BSFMD staff and two bids were deemed non-responsive due to lack of a bid bond or incomplete pricing on items listed in the bid specification. Falcon Fuels, Inc. of Paramount, California was found to be the lowest responsive and responsible bidder. The City did business with Falcon Fuels between 1998-2000, and most recently in 2012 as part of the City's previous fuel contract which expired on August 31, 2016. The City has spent approximately \$6,684,000 with Falcon Fuels since 1998.

The Department of Public Works recommends that Falcon Fuels, Inc. be awarded a contract for a three year period in an amount not-to-exceed \$5,400,000 as they are the lowest responsive and responsible bidder. The total amount paid to the contractor in the approved three years of this contract shall not exceed \$5,400,000 without prior approval of City Council and written amendment of the contract.

The contract may be extended for two additional one year terms not to exceed \$1,800,000 annually, with the approval of the City Manager and without further City Council approval, provided that the contract pricing terms remain the same.

COUNCIL POLICY CONSIDERATION:

Approval of this contract award addresses the City Council's goals of maintaining fiscal responsibility and stability and ensuring public safety.

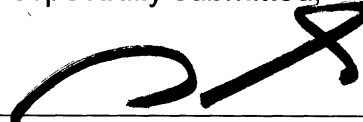
ENVIRONMENTAL IMPACT:

This purchase complies with all South Coast Air Quality Management District (SCAQMD) rules and regulations.

FISCAL IMPACT:

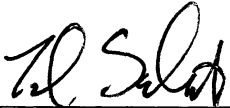
The total cost of this action is \$5,400,000. Funding for this fiscal year will be addressed by utilization of existing budgeted appropriations in the Fleet Maintenance Fund in operating budget account 50322058-813700.

Respectfully submitted,



ARA MALOYAN, P.E.
Director of Public Works

Prepared by:



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Approved by:



STEVE MERMELL
City Manager