

Agenda Report

May 22, 2017

TO: Honorable Mayor and City Council

FROM: Department of Police

SUBJECT: CONTRACT AWARD TO MERRIMAC ENERGY GROUP FOR PURCHASE OF JET-A FUEL FOR A NOT-TO-EXCEED AMOUNT OF \$875,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Accept the bid dated April 3, 2017 submitted by Merrimac Energy Group in response to specifications for Jet-A; reject all other bids received; and, authorize the City Manager to enter into a contract with Merrimac Energy Group in an amount not to exceed \$525,000 over a three-year period with the option for two additional one-year terms in the annual amount of \$175,000, at the discretion of the City Manager, for a maximum total contract length of five years.

BACKGROUND:

The Police Department's Air Operations Section purchases and supplies Jet-A fuel to the City's helicopter fleet. On March 23, 2017, a Notice Inviting Bids for the purchase of Jet-A fuel was published in the *Pasadena Journal* and posted on the City's website, which generated notices to 142 vendors. Of those, nine vendors downloaded the bid documents and two attended the "Mandatory Pre-Bid" meeting at the police heliport on March 28, 2017. None of the vendors 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 March 27, 2017 and provide the mark-up/down they will charge the City on purchases for Jet-A fuel.

This total price per gallon provided by bidders was then multiplied by the projected gallons the City expects to order annually.

Given the specialized nature of Jet-A fuel, a limited number of proposals were expected. Two vendors submitted bids by the bid closing date of April 11, 2017. The bid results represent sixty four thousand gallons of Jet – A fuel which is one years estimated usage. They are as follows:

| Bidder | | Amount (\$) |
|--------------------------|----------------|-------------|
| 1. Merrimac Energy Group | Long Beach, CA | \$113,415 |
| 2. Supreme Oil CO. | San Diego, CA | \$118,299 |

Bid proposals were evaluated by Police staff and deemed responsive. Merrimac Energy Group of Long Beach, California was found to be the lowest responsive and responsible bidder.

Given the volatility in the fuel industry pricing, the Police Department recommends that Merrimac Energy Group be awarded a contract for a three year period in an amount not-to-exceed \$525,000 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 \$175,000 annually and \$525,000 in total 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 \$175,000 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:

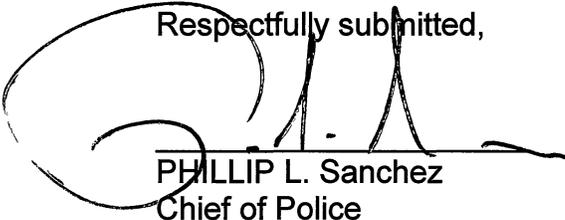
The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The purchasing of fuel for the City's' helicopter fleet is an administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

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

FISCAL IMPACT:

The total cost of this action for three years is \$525,000. If approved, the fourth year option would not exceed \$175,000 for a total of \$700,000 while the fifth year option would not exceed \$175,000 for a total of \$875,000. Funding will be addressed by utilization of existing budgeted appropriations in the Police Department General Fund operating budget account 10132006-813700 and Foothill Air Support Team Fund operating budget account 10832008-813700.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Phillip L. Sanchez", written over a horizontal line.

PHILLIP L. Sanchez
Chief of Police

Prepared by:


MICHAEL INGRAM
Police Lieutenant

Approved by:


STEVE MERMELL
City Manager