

Agenda Report

August 1, 2022

TO: Honorable Mayor and City Council

FROM: Police Department

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH MERRIMAC ENERGY GROUP TO PURCHASE JET-A FUEL FOR A NOT-TO-EXCEED AMOUNT OF \$1,437,500

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed contract is not subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378; as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment; and
2. Authorize a contract with Merrimac Energy Group for the purchase of Jet-A fuel in an amount not to exceed \$1,437,500 over a period of five years. The City Council grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for with the City's best interest are served; and
3. It is further recommended the City Council grant the proposed contract an exemption from Competitive Bidding pursuant to Pasadena Municipal Code Section 4.08.030 and City Charter Section 1002 contracts with other governmental entities or their contractors for labor, material, supplies or services.

BACKGROUND:

The Police Department's Air Operations Section purchases and supplies Jet-A fuel to the city's helicopter fleet. The Air Operations Section has one fueling site located at the heliport. This fueling station has two fuel tanks, one 15,000 gallon and one 20,000 gallon tank. These tanks provide redundancy and reliability in case of an emergency where fuel supply is affected. Since 2017, Merrimac Energy has provided Jet-A fuel to the Pasadena Heliport.

In March of 2022, Merrimac Energy participated in a competitive bid process with the City of Huntington Beach for Jet-A fuel. This contract was awarded to Merrimac Energy to supply fuel to the City of Huntington Beach Heliport. There are no local vendors that supply Jet-A fuel. Given the specialized nature of the Jet-A fuel and the limited number of suppliers of this fuel, staff believes the city's best interests are served by forgoing the formal bidding process and piggybacking on the City of Huntington Beach's contract with Merrimac Energy.

The fuel pricing supplied by Merrimac Energy is based on the Oil Price Information Sheet (OPIS) market index, which is the industry's benchmark for pricing. The fuel delivered by Merrimac Energy is based on the OPIS daily index, plus a fuel delivery mark-up per gallon. Merrimac Energy has agreed to provide the City of Pasadena with the same delivery mark-up permitted under the Huntington Beach contract.

The expected annual Jet-A fuel cost is \$250,000. A contingency allowance of 15% is requested to address any commodity price index fluctuation during the life of the contract. The Foothill Air Support Team (FAST) fund pays for twenty-percent of the fuel costs.

Since Merrimac Energy Group was awarded the contract with Huntington Beach as the lowest responsive bidder, the Police Department recommends that the City Council authorize a purchase order contract with Merrimac Energy Group to provide Jet-A fuel for five years.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City Council's Plan goals to ensure public safety.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not a project subject to CEQA, pursuant to State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. CEQA Guidelines Section 15060 (c) (2) states that an activity is not subject to CEQA if "The activity will not result in a direct or reasonably foreseeable indirect physical change in the environment". 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 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:


Total cost of this action for five years would not exceed \$1,437,500. Funding will be addressed by the utilization of existing and future budgeted appropriations in the Police Department General Fund operating budget account 10133019-813700 (\$1,150,000) and Foothill Air Support Team Fund operating budget account 10833019-813700 (\$287,500).

Respectfully submitted,



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Interim Chief of Police

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Approved by:



CYNTHIA J. KURTZ
Interim City Manager

Attachments: TPA