

# Agenda Report

**To:** CITY COUNCIL

**DATE:** January 3, 2000

**FROM:** CITY MANAGER

**SUBJECT:** AUTHORIZATION TO EXTEND PURCHASE ORDER CONTRACT FOR FLEET FUEL

## RECOMMENDATION

It is recommended that the City Council authorize the Purchasing Administrator to extend the purchase order contracts with Falcon Fuels, Inc. and Ultramar, Inc. for the purchase of fuel for the City's fleet vehicles in amounts necessary to meet the City's fuel needs for an additional six month period. The purchase order contracts are exempt from competitive bidding pursuant to City Charter section 1002 [H], contracts with other government entities or their contractors.

It is further recommended that the City Council grant these purchase orders an exemption from the competitive selection process of the Affirmative Action in Contracting Ordinances pursuant to section 4.09.060 [C], contracts for which the City's best interest are served.

## BACKGROUND

Since 1992, the cities of Pasadena, Glendale and Burbank have pooled their purchasing power in order to achieve economies of scale when purchasing vehicle fuel. The most recent bid was undertaken in 1996. As a result of that process, each city awarded purchase orders to Falcon Fuels, Inc. and Ultramar, Inc. to provide for their diesel and unleaded fuel needs.

As provided for in the original bid specifications, the City of Pasadena, as well as the other two cities, has twice extended these purchase orders to cover fiscal years 1997-98 and 1998-99. By the conclusion of the last fiscal year, no new specifications had been issued. Historically, the city of Glendale had taken the lead in issuing the bid specifications, however, it became uncertain as to which city would take the lead for the new process.

Given the City's on-going need for fuel, staff requested City Council authorization to issue purchase orders to the then current vendors for a period of up to six months to cover the City's short-term needs until a new tri-city or other bid process is concluded. City Council approved this request. Shortly thereafter,

Glendale and Burbank extended their agreements through June 30, 2000. Consequently, staff recommends extending the current purchase order contracts until June 30, in order to facilitate a new tri-city bid prior to June 30.

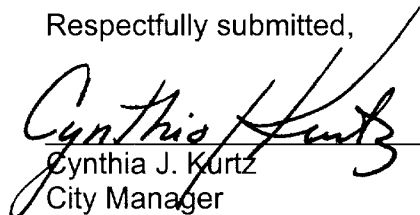
It should be noted that, since June, staff has explored other possible contract opportunities for fleet fuel. Specifically, staff has contacted the State of California in order to determine what, if any, possibilities for joint contracting exist. The state has advised staff that an opportunity to participate in the state's fuel contract will become available in July 2000. Staff will continue to explore this option as an alternative should Glendale and Burbank choose not to execute a tri-city agreement.

#### FISCAL IMPACT

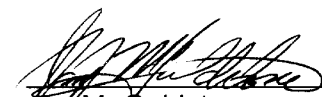
Funds for the purchase for fuel are provided for in the Fleet Maintenance account 462200. The amount of fuel purchased is a function of the City's needs. Fuel purchases for the last six months have amounted to approximately \$125,000 for fuel purchased from Ultramar and approximately \$250,000 for fuel purchased from Falcon Fuels.

The price for fuel purchased under the existing purchase orders is a function of the Oils Price Information Service (O.P.I.S.) market index. Each vendor provides fuel at a fixed mark-up/discount percentage off this index. The pricing term under the proposed purchase orders will be the same.

Respectfully submitted,

  
Cynthia J. Kurtz  
City Manager

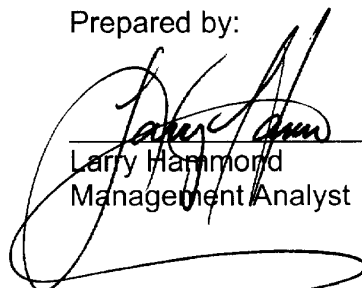
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