

# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** JUNE 28, 1999  
**FROM:** CITY MANAGER  
**SUBJECT:** AUTHORIZATION TO ISSUE PURCHASE ORDERS FOR FLEET FUEL

## RECOMMENDATION

It is recommended that the City Council authorize the Purchasing Administrator to issue purchase order contracts to 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 needs, for a period not to exceed six months. The proposed purchase order contracts are exempt from competitive bidding pursuant to City Charter section 1002[H], contracts with other governmental 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 Ordinance pursuant to section 4.09.060[C][1], contracts for which the City's best interests 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 process was undertaken in 1996. As a result of that process, each city awarded purchase orders to Falcon Fuels Inc., and Ultramar Inc. As provided for in the 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. The City's current purchase orders will expire at the end of this fiscal year and the bid documents do not provide for any further extensions.

Historically, the city of Glendale has taken the lead in issuing the bid specifications for this commodity; however, a new specification has not been issued and it is uncertain at this time which city will be taking the lead. Nevertheless, Pasadena's need for fuel remains. Therefore, staff is requesting City Council authorization to issue purchase

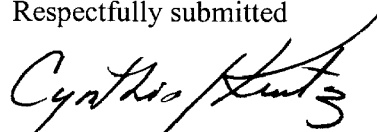
orders to the two current vendors for a period of up to six months to cover the City's short-term needs, until a new tri-city or other bid process is concluded.

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, with each vendor providing fuel at a fixed mark-up/discount percentage off this index. The pricing term under the proposed purchase orders will be the same.

FISCAL IMPACT

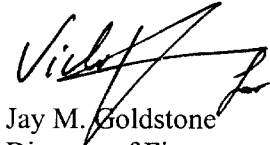
Funds for the purchase of fuel are provided for in the Fleet Maintenance account 462200. The amount of fuel purchased is a function of the City's needs. This current fiscal year, the City has purchased \$179,000 of fuel from Ultramar and \$382,000 of fuel from Falcon Fuels.

Respectfully submitted



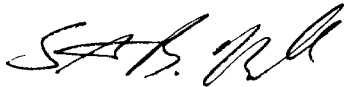
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Approved by:



Jay M. Goldstone  
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