



Legislation Text

File #: 2023-0465, Version: 1

Report to Mayor and City Council

Tuesday, June 20, 2023

Consent

SUBJECT:

CONSIDER APPROVAL OF AMENDMENT NO. 1 TO EXTEND THE TERM OF THE CONTRACT SERVICES AGREEMENT WITH SOUTHERN COUNTIES OIL CO. DBA SC FUELS FOR BULK PURCHASING OF GASOLINE AND DIESEL FUEL FOR ONE YEAR AT A NOT-TO-EXCEED COST OF \$350,000, AND RESOLUTION NO. 23-100 TO INCREASE THE BUDGET FOR THE EXISTING TERM BY \$50,000 (CITY COUNCIL)

I. SUMMARY

Southern Counties Oil Company, dba SC Fuels (“SC Fuels”) has been providing the City with bulk fuel (gasoline and diesel) since July 1, 2012. On June 19, 2018, the City approved a five-year contract with SC Fuels from July 1, 2018 through June 30, 2023 in the amount of \$1,250,000 with an administrative option of City to extend the term for up to additional two years in one year increments (Exhibit No. 1; the “Agreement”). Staff is requesting that City Council approve Amendment No. 1 (Exhibit No. 2) to exercise the first option to extend the term of the Agreement for one year, with compensation not-to-exceed \$350,000 for the one-year extension period.

Due to the steady rise of fuel prices and associated taxes, staff is also requesting adoption of Resolution No. 23-100 (Exhibit No. 3) to increase the FY 22-23 budget by \$50,000, and a corresponding change included in Amendment No. 1 to the Agreement (to increase the Contract Sum by \$50,000 for the existing term through June 30, 2023), to enable the City to pay all fuel invoices up to June 30, 2023.

II. RECOMMENDATION

Take the following actions:

1. APPROVE Amendment No. 1 to the Agreement with SC Fuels (Exhibit No. 2; the “Amendment”).

2. AUTHORIZE the Mayor to execute the Amendment, following approval as to form by the City Attorney; and
3. ADOPT Resolution No. 23-100, "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2022-23 BUDGET IN THE GENERAL FUND".

III. ALTERNATIVES

TAKE another action the City Council deems appropriate and consistent with the requirements of the law.

IV. BACKGROUND

In 2012, the City entered into a three-year contract with Southern Counties Oil Company, dba SC Fuels, for bulk provision of gasoline and diesel fuel to the City for the period of time from July 1, 2012 through June 30, 2015. To enter into the contract, the City of Carson piggybacked on the purchasing contract between "The Cooperative Purchase Network" (TCPN) and SC Fuels.

In 2015, the City extended the 2012 contract for an extra \$250,000 for an added year through June 30, 2016. On August 11, 2016, the City Council approved the issuance of a purchase order to extend the contract for six months through December 31, 2016 for another \$125,000. On January 24, 2017, the City Council approved the issuance of another purchase order to extend the contract for six more months through June 30, 2017. On June 20, 2017, the City Council approved the issuance of a subsequent purchase order to extend the contract for another six months through December 31, 2017. On December 19, 2017, the City Council issued a final purchase order to extend the contract for an added six month period through June 30, 2018.

On June 19, 2018, the City Council approved the current Agreement with SC Fuels for on-call services in a not-to-exceed amount of \$1,250,000 over an initial five-year term from July 1, 2018 through June 30, 2023 (Exhibit No. 1). The approval included two one-year City options to extend the term of the Agreement.

Per Carson Municipal Code section 2611(i) (Other Purchases), "[t]he City Council determined that this purchase does not require compliance with the bidding provisions of [the City's purchasing ordinance, Chapter 6 of Article II of the CMC], so long as funds have been properly appropriated and such purchases conform with all other requirements of [the purchasing ordinance]: (11) Fuel purchases and other commodities that are subject to market pricing." Under this authority, Council waived the formal process for bidding and

competitive proposals for this purchase at the December 19, 2017 meeting.

Gasoline prices have continued to rise in recent years, with California being the highest in the nation due at least in part to its taxes. From December 2021 to December 2022, there was a 19.4 percent increase in import fuel prices. Consequently, staff is requesting an additional \$50,000 be added to the current Agreement term (through June 30, 2023) to pay all fuel invoices up to June 30, 2023, which will bring the five-year contract total amount to not-to-exceed \$1,300,000.

Staff recommends the City Council approve the proposed Amendment No. 1 to exercise a one-year contract extension with a not-to-exceed amount of \$350,000 over the extension period for bulk purchase of gasoline and diesel fuel and Cardlock on-call services from SC Fuels. The new total Contract Sum will be \$1,650,000.

V. FISCAL IMPACT

The estimated annual cost for fuel services is \$350,000 per year. Allocations totaling \$350,000 were included in the proposed FY 23/24 General Fund budget under account numbers 101-80-840-275-7005 and 101-80-840-275-7006. Staff is also requesting approval of Resolution No. 23-100 to transfer an additional \$15,000 to Account number 101-80-840-275-7005 and \$35,000 101-80-840-275-7006 for FY 2022/23 expenditures.

VI. EXHIBITS

1. SC Fuels Contract Services Agreement (pgs. 4-40)
2. Amendment No. 1 to SC Fuels Contract Services Agreement (pgs. 41-46)
3. Resolution No. 23-100 (pgs. 47-48)

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