



CITY OF CARSON

Legislation Text

File #: 2017-435, Version: 1

Report to Mayor and City Council

Tuesday, June 20, 2017

Consent

SUBJECT:

CONSIDER EXTENDING THE AGREEMENT WITH SC FUELS FOR BULK PURCHASING OF GASOLINE AND DIESEL FUEL (CITY COUNCIL)

I. SUMMARY

The City's agreement for the purchase of bulk fuel (gasoline and diesel) will expire on June 30, 2017. The City originally awarded a three-year contract to Southern Counties Oil Company, dba SC Fuels, effective July 1, 2012 through June 30, 2015. In 2015 the City extended the contract for another year through July 1, 2016. On August 11, 2016 the City issued a purchase order to extend the contract for another six months through December 31, 2016. On January 24, 2017 the City issued a purchase order to extend the contract for another six months through June 30, 2017. Staff is recommending an extension of the agreement for an additional six month and approval of an additional sum of \$157,400, while completing the bid process. Sufficient funds have been previously budgeted for this purchase.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE the formal process for bidding and competitive proposals defined by the Carson Municipal Code, Chapter 6, of Title II, pursuant to Carson Municipal Code section 2611(f) ("Piggyback Purchasing").
2. APPROVE the extension of the agreement for bulk purchase of gasoline and diesel fuel with Southern Counties Oil Company, dba SC Fuels at a total cost of \$157,400 (\$144,600 for Unleaded Fuel and \$12,800 for Diesel Fuel) through December 31, 2017.
3. AUTHORIZE the Mayor to execute the extension of the amendment with SC Fuels, following approval as to form by the City Attorney.
4. DIRECT staff to complete the competitive bidding process.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The City's Warehouse Division is responsible for two underground fuel tanks located at the Corporate Yard - a 10,000 gallon capacity tank for 89 Octane Gasoline, and a 7,500 gallon capacity tank for Number 2 Diesel Fuel. Responsibility for the warehouse transferred from the Finance Department to the Public Works Department in July 1, 2016. The former warehouse supervisor retired and a new warehouse supervisor was appointed, who is reviewing all purchase orders and contracts related to warehouse operations.

In or about 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 this contract the City of Carson piggybacked off the purchasing contract between "The Cooperative Purchase Network" (TCPN) and Southern Counties Oil Company, (SC Fuels).

Carson Municipal Code section 2611(f) ("Piggyback Purchasing") provides in part that "The City, through the Purchasing Manager, may purchase materials, supplies, equipment, or services, without complying with the bidding or proposal procedures in this Chapter, from any vendor who offers the materials, supplies, equipment, or services at the same or better price, terms, and/or conditions as the supplier previously offered to another city or other public agency as the lowest bidder pursuant to the competitive bidding or proposal process required by that city or other public agency..."

In 2015 the City extended the contract for an additional \$250,000 for an additional year through June 30, 2016. On August 11, 2016 the City issued a purchase order to extend the contract for six months through December 31, 2016 for an additional \$125,000. On January 24, 2017 the City issued a purchase order to extend the contract for another six months through June 30, 2017. (Exhibit 1.)

Staff recommends the City continue to "piggyback" off the original agreement for one additional extension and for an additional sum, and approve the extension of the agreement for bulk purchase of gasoline and diesel fuel with Southern Counties Oil Company, dba SC Fuels, through December 31, 2017. The additional sum would total \$157,400 (\$144,600 for Unleaded Fuel and \$12,800 for Diesel Fuel). (see Exhibit 2.) Staff also recommends that the City go out to bid. However, a six month period would be necessary to complete the bid process.

V. FISCAL IMPACT

Funds have been budgeted in the FY 2016/17 for the payment of fuel services in account numbers 01-80-840-085-7307 and 01-80-840-085-7306 in the amount of \$144,600 (unleaded) and \$12,800 (diesel) for Unleaded and Diesel Fuels.

VI. EXHIBITS

1. January, 2017 Extension to Purchase Order (pg. 3-6)
2. (Proposed) Extension to Purchase Order (pg. 7-11)

1.

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