



Legislation Text

File #: 13-0411, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

David N. Carmany, City Manager

FROM:

Bruce Moe, Finance Director

Gwen Eng, General Services Manager

SUBJECT:

Ratification of Budgeted Motor Fuel Purchase from Merrimac Energy Group in the Amount of \$27,896.24.

WAIVE FORMAL BIDDING, APPROVE

RECOMMENDATION:

Staff recommends that the City Council:

- a) Waive formal bidding per Municipal Code Section 2.36.140 (waivers); and
- b) Ratify the purchase of fuel from Merrimac Energy Group in the amount of \$27,896.24.

FISCAL IMPLICATIONS:

Sufficient funds are available in the Public Works fleet budget for this purchase.

DISCUSSION:

The City operates a fueling station located at the City Yard. Fuel market volatility has resulted in the inability to obtain pricing that is valid for more than one day, which requires staff to spot bid and order fuel on the same day. The City's municipal code provides for such situations, but requires that the purchase be ratified by the City Council within 30 days of purchase.

On July 23, 2013, staff purchased motor fuels. The informal bid process resulted in three responses. The comparison in Attachment 1 shows the aggregate price, including sales tax and shipping. Merrimac Energy Group was the lowest bidder for this requirement. Because the total purchase exceeded the formal bid limit of \$20,000, staff is now seeking City Council ratification for this expenditure, as required by Municipal Code Section 2.36.140 (waivers).

Due to recent changes in industry pricing tools, staff is exploring the feasibility of once again entering into a longer term contract (as opposed to the spot bidding now performed). A formal bid was released, and staff is currently evaluating the responses. If it is determined that the bids are favorable to the City, staff will present a contract for City Council review, which if approved, will eliminate the spot bidding and City Council ratification. However for this purchase, formal bidding was not possible.

CONCLUSION:

Staff recommends that the City Council:

- a) Waive formal bidding per Municipal Code Section 2.36.140 (waivers); and
- b) Ratify the purchase of fuel from Merrimac Energy Group in the amount of \$27,896.24.

Attachment:

- 1. Fuel Bid Comparison