



Office of the City Manager

CONSENT CALENDAR
May 21, 2013

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Andrew Clough, Director, Public Works
Subject: Purchase Order Amendment: Western States Oil for Fuel for City Vehicles and Equipment

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to amend the purchase order with Western States Oil for the purchase of fuel for City vehicles to increase the amount by \$3,762,000 for a total amount not to exceed \$12,357,809, and to extend the term for 2 years through June 30, 2015.

FISCAL IMPACTS OF RECOMMENDATION

Funds for the additional 2 years are available in the Equipment Maintenance Fund budget (865-5702-410-5533).

Original Purchase Order Amount	\$8,595,809
<u>2-Year Extension Amount</u>	<u>\$3,762,000</u>
Revised Purchase Order NTE Amount	\$12,357,809

CURRENT SITUATION AND ITS EFFECTS

Fuel is purchased by Public Works Equipment Maintenance for use by City vehicles and equipment. The existing purchase order (PO) for fuel was approved by Council In January 2008 with Western States Oil, for the period covering the last 6 months of FY 2008 through FY 2013, for total purchasing authority not to exceed \$8,595,809. Due to a volatile fuel market, Equipment Maintenance recommends extending this PO for 2 years at \$1,881,000 per year through FY 2015 for a total increased amount of \$3,762,000. Prior to the end of this PO extension in June 2015, a new bid for fuel and related commodities will be released.

BACKGROUND

In October 2007, Public Works released Bid Specification No. 06-10145-C for fuels, oil and lubricants, which anticipated a purchase award for up to 10 years. Four bids were received and Western States Oil was determined to be the lowest responsible bidder based on its fixed rates for regular unleaded gasoline, ultra low sulfur diesel fuel and B20, and ultra low sulfur bio-diesel B5 over the published Oil Price Information Service

(OPIS) prices. The PO executed with Western States Oil was for approximately 6 years, and this action will extend the PO for two (2) years.

OPIS indexes oil prices and provides cities and government entities with a daily average cost of fuel on an annual basis. Other government entities utilize OPIS to monitor their purchased fuel prices, including the City and County of San Francisco, City of Santa Cruz, County of Santa Clara, County of Merced, Central Contra Costa Transit Authority, AC Transit District, and the State of California.

The OPIS Daily Wholesale Rack report allows the City of Berkeley to know on a daily basis what the price of fuel is in the San Francisco area. Equipment Maintenance monitors invoices by calculating fuel costs against the report, which ensures the City is billed accurately.

RATIONALE FOR RECOMMENDATION

Due to the current volatile fuel market and the existing purchase arrangement, backed up by monitoring OPIS prices, Equipment Maintenance believes this is the most cost effective option for City fuel purchases at this time.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Bill Ivie, Equipment Superintendent, Public Works, 981-6469

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

PURCHASE ORDER AMENDMENT: WESTERN STATES OIL FOR FUEL FOR
CITY VEHICLES AND EQUIPMENT

WHEREAS, fuel is needed for City fleet vehicles and equipment; and

WHEREAS, in October 2007, Public Works released Bid Specification No. 06-10145-C for fuel, oil and lubricants; and of the 4 vendors that responded and were reviewed by Equipment Maintenance and General Services, Western States Oil was determined to be the lowest responsive and responsible bidder; and

WHEREAS, in January 2008, Council adopted Resolution No. 63,952-N.S. to execute a purchase order with Western States Oil for fuel for City vehicles and equipment for the last 6 months of FY 2008 through FY 2013, and total purchasing authorization not to exceed \$8,595,809; and

WHEREAS, the Department of Public Works recommends amending the purchase order to increase the amount by \$3,762,000 for a total amount not-to-exceed \$12,357,809, and to extend the term for 2 years through FY 2015; and

WHEREAS, funds are included in the proposed FY 2014 and FY 2015 Equipment Maintenance Fund (865-5702-410-5533) budget.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to amend the purchase order with Western States Oil for the purchase of fuel for City vehicles to increase the amount by \$3,762,000 for a total amount not to exceed \$12,357,809, and to extend the term for 2 years through June 30, 2015.

