




Office of the City Manager

CONSENT CALENDAR

July 10, 2007

To: Honorable Mayor and  
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Claudette Ford, Director, Public Works

Subject: Purchase Order: Fuel

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to purchase fuel from Golden Gate Petroleum for City vehicles in an amount not to exceed \$1,400,000 for FY 2007, and in an amount not to exceed \$750,000 for the first six months of FY 2008.

FISCAL IMPACTS OF RECOMMENDATION

Funds to pay for this service are available from the Equipment Maintenance Fund (865-5702-410-5533 and 865- 5704-410-5533) in FY 2007 and in FY 2008. The cost will not exceed \$1,400,000 in FY 2007, and is estimated to not exceed \$750,000 for the first six months of FY 2008.

CURRENT SITUATION AND ITS EFFECTS

For many years the City has purchased gasoline and biodiesel from Golden Gate Petroleum. These purchases inadvertently precluded the City Manager's mandated approval for all such purchases over \$100,000.

Public Works will correct this situation by sending out a bid/request for proposals that will require vendors to meet the latest certifications for biodiesel and unleaded gasoline, and will compare their price differentials against the Oil Price Index Service (OPIS). A new purchase order will likely be issued in mid-FY 2008.

BACKGROUND

Since 1981 the City of Berkeley has purchased fuel through the open market as authorized by Resolution No. 50,961N.S. From approximately 1970 through 1981, the City had purchased all its fuel from the County of Alameda. The County informed the City in 1981 that there was no advantage to the City to continue their agreement and that the City could get better prices in the open market. The resolution did not have a not to exceed amount, and stated that "because of fluctuations of fuel prices, it is not possible to obtain a long term bid, and open market purchase is advisable for purchases of fuel."

Due to the fluctuations of fuel prices, it has not been possible to obtain a long-term bid until the Oil Price Index Service (OPIS) became available. The OPIS provides cities with an average cost of fuel on weekly or monthly basis. This allows us to compare the costs charged by different vendors. Based on the information available in the OPIS, staff is confident the City has been paying fair and reasonable prices.

RATIONALE FOR RECOMMENDATION

As stated above, due to the fluctuations of fuel prices, it has not been possible to obtain a long-term bid with a stable price for fuel.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

William Ivie, Equipment Superintendent, Public Works      981-6469

Attachments:

1: Resolution

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

PURCHASE ORDER FOR FUEL FROM GOLDEN GATE PETROLEUM FOR CITY VEHICLES

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

WHEREAS, Resolution No. 50,961–N.S., approved by the City Council on October 6, 1981, authorized the purchase of fuel on the open market; and

WHEREAS, in FY 2007 \$1,400,000 was expended for gasoline and biodiesel from Golden Gate Petroleum, which costs are considered fair and reasonable based on the Oil Price Index Service which provides cities with an average cost of fuel on weekly or monthly basis; and

WHEREAS, in FY 2008 the City expects to purchase \$750,000 worth of fuel from Golden Gate Petroleum for the first six months of the fiscal year; and

WHEREAS, in FY 2008 the City will issue requests for bids to select fuel vendors who comply with the latest certifications and price differentials; and

WHEREAS, funds for these purchases are available in FY 2007 and FY 2008 in the Equipment Maintenance Fund (865-4702-410-5533 and 865-5704-410-5533).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to purchase fuel from Golden Gate Petroleum for City vehicles in an amount not to exceed \$1,400,000 for FY 2007, and in an amount not to exceed \$750,000 for the first six months of FY 2008.

