



Agenda Report

MEETING DATE: Tuesday, March 22, 2022

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR DI RENZO
ALEX BEJAR, ADMINISTRATIVE ANALYST
GABRIEL GORDO, ADMINISTRATIVE SERVICES MANAGER

SUBJECT: PURCHASE OF PETROLEUM PRODUCTS, PROJECT NO. CV-22-01

STATEMENT OF ISSUES:

The City's current agreement for the purchase of petroleum products is expiring in the fall, therefore, a new award for the purchase of city-wide petroleum products for the municipal fleet is essential to continue providing essential services while securing the lowest possible pricing since the petroleum market is escalating rapidly.

RECOMMENDED ACTION:

It is recommended that the City Council adopt a resolution awarding a purchase contract to Sturdy Oil Company, a corporation, for the purchase of petroleum products for a five year term, Project No. CV-22-01, in the amount of \$1,059,580.70 for the first year, commencing on July 1, 2022, with authorization to spend up to \$1.3 million per year for the remaining four years and authorizing the City Manager Pro Tempore to execute the agreement. The first year's amount being \$1,059,580.70 with subsequent years varying based on market fluctuations.

DISCUSSION:

The City provides fuel and oil for all of the City's 391 municipal fleet. There are various locations throughout the City that require fuel to be delivered regularly for continued operation of City services. On February 8, 2022, the Council approved Resolution No. 18-22 (CM) approving the specifications and calling for bids for the purchase of Petroleum products. The City requested bids from fully licensed and insured manufacturers and/or factory authorized distributors of petroleum products to enter into an agreement with the City for purchase of petroleum products.

Bids for this project were opened on February 24, 2022 at 11:00 A.M. There was a single bid received for the project as follows:

Contractor	Bid Amount
Sturdy Oil Company	\$1,059,580.70

Staff recommends the bid received from Sturdy Oil Company be accepted by the City. Sturdy Oil Company was the lowest and sole bidder. Sturdy is a local business and has successfully worked with the City in the past with excellent results.

STRATEGIC PLAN:

This project supports the Strategic Plan Goal:

6-Public Safety

FINANCIAL IMPACT:

The total cost for year one is \$1,059,580.70. Funds for petroleum products are already included in departmental operating budgets. Fuel prices can vary significantly, therefore, staff will need to make budget adjustments accordingly. The average fuel savings that the City realizes through this contract amount to \$1.12 per gallon.

ALTERNATIVE ACTION:

None recommended.

ATTACHMENTS AND/OR REFERENCES (If any):

None