



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-17

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570-5836

November 15, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager or designee to purchase fuel for all City vehicles, by spot bidding, in an annual amount not to exceed \$5,000,000. (Citywide)

DISCUSSION

City Council approval is being requested to authorize the City Manager or designee to purchase unleaded and diesel fuel for all City-owned vehicles via spot bidding. The Department of Financial Management, Purchasing Division is managing a spot bidding process for all fuel needs for the Department of Public Works, Fleet Services Bureau, Long Beach Water Department and Harbor Department. The process consists of the using department submitting a written request for fuel with delivery location, fuel type, gallons and delivery date needed to the Purchasing Division. A Request for Quote (RFQ) is immediately created and is advertised on the City's Bids Online website. The Purchasing Division receives the quotes within two business days, evaluates for the lowest responsible bid and places the order for the department. The fuel deliveries occur within three business days of a department's request.

The Purchasing Division has surveyed other government agencies regarding their fuel procurement process and a number of agencies are doing spot bidding on an as-needed basis. The main reason for this procurement process is to capture the best price at a given time within the market. This process will ensure that the City is achieving the most competitive price on fuel. With the current fuel market and its fluctuating price, many long-term agreements do not allow an agency to maximize cost savings. The Purchasing Division estimates achieving an annual cost savings in excess of \$65,000, by conducting these fuel spot bids.

This matter was reviewed by Deputy City Attorney Amy R. Webber and Budget Management Officer Victoria Bell on October 26, 2011.

TIMING CONSIDERATIONS

City Council action is requested on November 15, 2011 to ensure the purchases of fuel continue and there is no impact to City operations.

FISCAL IMPACT

The estimated annual expenditure for fuel is \$5,000,000 annually. Of that amount, \$4,400,000 is budgeted in the Fleet Services Fund (IS 386) in the Department of Public Works (PW); \$350,000 in the Water Fund (EF 310) in the Water Department (WA); and \$250,000 in the Harbor Fund (HA 430) in the Harbor Department (HA). There is no known local job impact associated with this recommendation.

SUGGESTED ACTION:

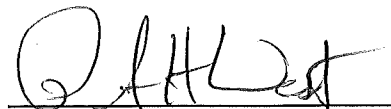
Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER