



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

# R-19

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April 18, 2017

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt Specifications No. ITB FS17-019 and award contracts to Merrimac Energy Group and Airspace, LLC, dba JFI JetCenter, both of Long Beach, CA, as primary vendors and Falcon Fuels, Inc., of Paramount, CA, as the secondary vendor, for the purchase and delivery of petroleum fuels, in an annual aggregate amount not to exceed \$3,000,000, for a period of three years, with the option to renew for two additional one-year periods, at the discretion of the City Manager. (Citywide)

## DISCUSSION

City Council approval is requested to award contracts to Merrimac Energy Group, Airspace, LLC, dba JFI JetCenter, and Falcon Fuels, Inc., for the purchase and delivery of petroleum fuels, including jet fuel, for an annual aggregate amount not to exceed \$3,000,000, for a wide variety of vehicles and equipment used by City departments, as well as the Water and Harbor Departments. Annual costs are based on current expenditures and the U.S. Energy Information Administration website projections for petroleum fuels in the West Coast distribution region.

In 2016, the City purchased 986,450 gallons of unleaded fuel, 274,420 gallons of renewable diesel fuel, and 33,085 gallons of jet fuel. The total cost of petroleum fuel and renewable diesel fuel purchases was \$2,701,200. Of the total 2016 City fuel purchases, more than 52 percent of the total used was renewable (diesel or Liquefied Natural Gas) as opposed to conventional, fossil fuel petroleum.

Of the City fleet, 24 percent of the vehicles use alternative fuel and more are being introduced each year. Despite reductions in petroleum fuel consumption, however, petroleum fuels are still needed for use in certain motorized vehicles, helicopters, generators and other equipment until alternatively fueled counterparts become available. The City currently operates 17 fuel sites storing and/or dispensing diesel and unleaded gasoline.

The bid was advertised in the Long Beach Press-Telegram on December 24, 2016, and 432 potential bidders specializing in fuel, oil and other products and services were notified of the bid opportunity. Of those bidders, 30 downloaded the bid via the City's electronic bid system. The bid document was made available from the Purchasing

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Division, located on the seventh floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). A bid announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority, and women-owned business groups. Eight bids were received on February 21, 2017. Of those bidders, one was a Minority-Owned Business Enterprise (MBE), two were Women-Owned Business Enterprises (WBEs), one was a certified Small Business Enterprise (SBE), and two were Long Beach businesses (Local). Merrimac Energy Group (Local and WBE, not a MBE, DBE, or SBE) and Airspace, LLC (Local, not a MBE, DBE, WBE or SBE), both of Long Beach, CA, were the lowest responsible bidders. Falcon Fuels, Inc., of Paramount, CA (not an MBE, SBE, WBE, DBE, or Local), was recommended as the secondary vendor in the event that Merrimac Energy Group is unable to provide fuels in case of an emergency.

**Local Business Outreach**

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit bids for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids database to download the bid specifications. Through outreach, 57 Long Beach vendors were notified to submit bids, of which three downloaded and two submitted bids. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on March 29, 2017 and by Assistant Finance Director Lea Eriksen on March 27, 2017.

**SUSTAINABILITY**

All fuels will be in full compliance with the California Air Resources Board and local air district quality regulations. In addition, the City will continue to purchase renewable diesel fuel to help reduce greenhouse gas emissions.

**TIMING CONSIDERATIONS**

City Council action is requested on April 18, 2017, to ensure that contracts are in place expeditiously.

**FISCAL IMPACT**

The annual aggregate contract amount will not exceed \$3,000,000, and is budgeted in the Fleet Services Fund (IS 386) in the Financial Management Department (FM), Water Fund (EF 310) in the Water Department (WA), and Harbor Fund (HR 430) in the Harbor Department (HA). The award of these contracts will provide continued support to our local economy by assisting in the preservation of employment for 19 full-time employees residing in Long Beach.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

  
JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:

  
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PATRICK H. WEST  
CITY MANAGER