



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

March 22, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. PA-01305 and award contracts to Southern Counties Oil Company, LP; Merrimac Energy Group; Petro-Diamond, Incorporated; GP Resources, Incorporated; Mansfield Oil Company; and ITL, Incorporated, to purchase gasoline, diesel and Jet "A" fuel in an estimated annual amount of \$3,750,000, for the period commencing with the expiration of the previous contract (February 1, 2005) for one year, with the option of renewing for three additional one-year periods (Citywide).

DISCUSSION

City Council approval is being requested to enter into Citywide contracts for the purchase of gasoline, diesel and Jet "A" fuel to support City-owned equipment and vehicles. Additionally, it is requested that the City Council approve the purchase of fuel for the period commencing with the expiration of the previous contract (February 1, 2005). This action is required because the City's fuel contractors would not extend the previously-awarded contracts.

On February 8, 2005, nine potential bidders specializing in gasoline and diesel fuel were notified of the bid opportunity; one is a Minority-owned Business Enterprise (MBE), two are Women-owned Business Enterprises (WBEs), and one is a Long Beach business. The bid document was made available from the Purchasing Division located on the Plaza Level of City Hall and the Division's website at www.lbpurchasing.org. A bid announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities sent to 32 local, minority, and women's groups. Bids were opened on February 22, 2005. Southern Counties Oil Company, LP, and Merrimac Energy Group of Long Beach, CA, were the lowest responsible bidders for the OPIS-priced line items. In addition, Petro-Diamond, Inc., of Irvine, CA; GP Resources, Inc., of Rancho Dominguez, CA; Mansfield Oil Company of Gainesville, GA, and ITL, Inc., of Cudahy, CA, were the lowest responsible bidders.

HONORABLE MAYOR AND CITY COUNCIL
March 22, 2005
Page 2

This matter was reviewed by Senior Deputy City Attorney Donna F. Gwin on February 3, 2005 and Budget Management Officer David Wodynski on March 8, 2005.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. PA-01305 and award contracts concurrently is requested on March 22, 2005 to expedite the purchase of fuel.

FISCAL IMPACT

The cost of this contract, in the estimated amount of \$3,750,000 annually is budgeted with \$3,500,000 in the Fleet Services Fund (IS 386) in the Department of Public Works (PW). The remaining estimated amount of \$250,000 is budgeted in the Harbor Operations Fund (HR 430) and Water Fund (EF 310). Due to the uncertainty of the fuel market, the City will have the option of adding expenditures up to 30 percent above the contract amount. The annual estimate is based on historical expenditures and reflects a 17 percent increase from the previous contracts due to the increased cost of fuel.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT



CHRISTINE F. ANDERSEN
DIRECTOR OF PUBLIC WORKS

APPROVED:



GERALD R. MILLER
CITY MANAGER