



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-28

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6827 •

July 1, 2014

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary to amend Contract No. 32705 with Merrimac Energy Group, a Long Beach-based business, to increase the contract amount by \$2,000,000 for a total contract amount not to exceed \$13,000,000, and to extend the contract for the purchase of unleaded and diesel fuel, on the same terms and conditions afforded to Saddleback Valley Unified School District, until December 31, 2014. (Citywide)

DISCUSSION

City Council approval is requested to authorize the City Manager to execute an amendment to the contract with Merrimac Energy Group, extending the term to December 31, 2014 and increasing the contract authority by \$2,000,000. The contract with Merrimac Energy Group is used by the Department of Financial Management, Fleet Services Bureau, for providing unleaded and diesel fuel for over 2,100 vehicles Citywide. The current contract expires July 2014.

On July 10, 2012, the City Council adopted a Resolution authorizing the City Manager to execute a contract with Merrimac Energy Group for the purchase of fuel in an amount not to exceed \$5,500,000 for a one-year period, under the same terms and conditions provided to Saddleback Valley Unified School District. On July 16, 2013, the City Council authorized the City Manager to amend the contract extending the term date through July 2014, in an additional amount not to exceed \$5,500,000. This second amendment will align the termination date of Contract No. 32705 with the termination date of the Merrimac-Saddleback agreement and continue to provide the City access to diesel and unleaded fuels through December 2014.

Fleet Services and the Purchasing Division will develop a new bid specification for a future fuel contract pursuant to the City Council action taken on April 3, 2012, tasking staff to explore Joint Purchasing Agreements and return to the City Council with the results.

This matter was reviewed by Deputy City Attorney Amy R. Webber on June 9, 2014 and by Budget Management Officer Victoria Bell on June 16, 2014.

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TIMING CONSIDERATIONS

City Council action to amend the current contract is requested on July 1, 2014, to ensure that the continuity of service and fuel delivery is maintained for the City.

FISCAL IMPACT

Contract costs from July 23 through December 31, 2014 are estimated at \$2,000,000 and are budgeted in the Fleet Services Fund (IS 386) in the Department of Financial Management (FM), Harbor Department Operations Fund (HR 430) in the Harbor Department (HA) and in the Water Fund (EF 130) in the Water Department (WA). The award of this contract will provide continued support to our local economy by assisting in the preservation of employment for five full-time employees residing in Long Beach.

SUGGESTED ACTION:

Approve recommendation.

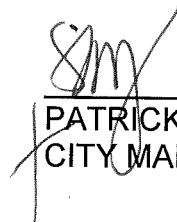
Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



PATRICK H. WEST
CITY MANAGER