



Legislation Text

File #: 08-0981, **Version:** 1

Recommendation to adopt resolution authorizing City Manager to execute a contract with Merrimac Energy Group for the purchase of unleaded, diesel, bio-diesel and Jet A fuel, on the same terms and conditions afforded to Saddleback Valley Unified School District, Foothill Transit Agency, City of Anaheim and County of Los Angeles, in an amount not to exceed \$5,000,000 including tax, for one year with the option of renewing for two additional one-year periods, plus a 25 percent contingency if necessary and if funds are available. (Citywide)

City Council approval is being requested authorizing the City Manager to execute a contract with Merrimac Energy Group for the purchase of unleaded, diesel, bio-diesel (B20 blend) and Jet A fuel to support City-owned equipment and vehicles.

The City Charter provides an alternative procurement method by permitting the City to purchase or otherwise obtain services, supplies, materials, equipment and labor with other governmental agencies by purchasing under their contracts on a voluntary and selective basis when authorized by a Resolution of the City Council.

The Department of Financial Management, Purchasing Division, has investigated procurement options and discovered that Merrimac Energy Group (Long Beach, CA, WBE) has contracts with the following agencies pursuant to a competitive bid process:

- Saddleback Valley Unified School District for unleaded fuel
- Foothill Transit Agency for diesel fuel
- City of Anaheim for bio-diesel
- Los Angeles County for Jet A fuel

In conjunction with the Department of Public Works, Fleet Services Bureau, it was determined that the fuel specifications meet the City's requirements. This cooperative purchase agreement will facilitate the timely acquisition of fuel and provide a number of cost benefits to the City.

This matter was reviewed by Deputy City Attorney Amy R. Burton on September 2, 2008 and Budget Management Officer Victoria Bell on September 3, 2008.

SUSTAINABILITY

With the addition of biodiesel B20 blend (20 percent biodiesel and 80 percent petroleum diesel) fuel to the City of Long Beach's supply chain, we are beginning to achieve a number of sustainable benefits:

- **Environmental benefits**-use of biodiesel results in a 20 percent reduction of unburned hydrocarbons (soot), 12 percent reduction in carbon monoxide and 12 percent reduction in particulate matter emissions compared to petroleum diesel.
- **Energy security benefits**-utilization of domestic surpluses of renewable vegetable oils as a fuel component reduces Long Beach's dependence on foreign oil and provides immediate environmental benefits as the City

continues to implement alternative fuel options into our fleet.

- **Economic benefits**-the cooperative purchasing agreement will provide several cost benefits to the City including sales tax revenue, no-cost tank monitoring, and reduced delivery charges.

Quality benefits-biodiesel is registered as a fuel and fuel additive with the EPA and meets clean diesel standards established by the California Air Resources Board (CARB).

City Council action to adopt the attached Resolution is requested on September 23, 2008 to ensure that the contract is in place expeditiously.

The cost of this contract, in the estimated amount of \$5,000,000 annually is budgeted in Fleet Services Fund (IS 386) in the Department of Public Works (PW), Harbor Department 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 25 percent (or \$1,250,000) above the contract amount, if necessary and if funds are available.

Approve recommendation.

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APPROVED:

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