



Legislation Text

File #: 14-0944, **Version:** 1

Recommendation to adopt resolution authorizing City Manager to execute a contract with Merrimac Petroleum, Inc., dba Merrimac Energy Group, a Long Beach-based business, for furnishing and delivering unleaded and diesel fuel, on the same terms and conditions afforded to the City of Glendora, CA, in an annual amount of \$6,000,000, and authorize a 25 percent contingency in the amount of \$1,500,000 for a total annual amount not to exceed \$7,500,000 for a period of two years, with the option to renew for one additional year, at the discretion of the City Manager; and authorize City Manager or designee to execute all documents necessary to enter into the contract, including any necessary amendments thereto. (Citywide)

City Council approval is requested to enter into an annual contract with Merrimac Energy Group for furnishing and delivering unleaded and diesel fuel to support City-owned vehicles and equipment. This contract will support over 2,100 vehicles Citywide.

The City purchases over 1.2 million gallons of unleaded and diesel fuel each year. The current contract for unleaded and diesel fuel supply will expire on December 31, 2014. City Charter Section 1802 provides an alternative procurement method by permitting the City to purchase or otherwise obtain services, supplies, material, 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 Fleet Services Bureau and Purchasing Division of the Department of Financial Management investigated other procurement options and learned that the City of Glendora, CA, had completed a competitive bid process in May 2011 for furnishing and delivering unleaded and diesel fuels, and awarded a contract to Merrimac Energy Group that also meets the City's needs. This cooperative purchase agreement will facilitate the timely acquisition of fuel and provide a number of cost benefits to the City. Merrimac Energy Group is a Long Beach-based business and, with an estimated \$6 million spent annually for fuel, it is estimated that the City will generate \$60,000 annually in sales tax revenue to the General Fund. In addition to supplying fuel to the City, Merrimac provides complimentary daily remote tank monitoring that results in substantial cost savings and operational efficiencies for the City.

This matter was reviewed by Deputy City Attorney Kendra L. Carney on October 29, 2014 and by Budget Operations Officer Grace Yoon on October 31, 2014.

City Council action to adopt the attached Resolution and execute a contract concurrently is requested on November 18, 2014 to ensure the contract is in place expeditiously.

The cost of the contract is an annual amount not to exceed \$7,500,000, including the 25 percent contingency, and is budgeted in the Fleet Services Fund (IS 386) in the Financial Management Department (FM), Harbor Department Operations Fund (HR 430) in the Harbor Department (HA), and in the Water Fund (EF 310) 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.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE CITY MANAGER TO PURCHASE UNLEADED AND DIESEL FUEL THROUGH THE AGREEMENT BETWEEN CITY OF GLENDORA AND MERRIMAC PETROLEUM, INC. DBA MERRIMAC ENERGY GROUP.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER