

AGENDA ITEM NO.	IN
COUNCIL MEETING: Dec. 10, 2009	
APPROVED BY	
	
DEPARTMENT DIRECTOR	
CITY MANAGER	
	

December 10, 2009

**FROM:** KENNETH A. NERLAND, Director  
General Services Department

KENNETH HAMM, Director  
Transportation Department 

**BY:** JAMES H. SCHAAD, Manager  
GSD/Fleet Management Division 

**SUBJECT:** AWARD A REQUIREMENTS CONTRACT IN THE AMOUNT OF \$2,701,728.09 TO SILVAS OIL COMPANY OF FRESNO, CA FOR CARB ULTRA LOW SULFUR DIESEL FUEL BID FILE NO. 9079

**RECOMMENDATIONS**

Staff recommends that the City Council award a one year contract, with provisions for two one-year extensions, for CARB Ultra Low Sulfur Diesel (ULSD) fuel in the amount of \$4,081,762.60 to Silvas Oil Company of Fresno, CA.

**EXECUTIVE SUMMARY**

The General Services Department, Fleet Management Division and Fresno Area Express are seeking to establish a new requirements contract for the purchase of ultra low sulfur diesel fuel due to the large volume of fuel purchased annually for both operations, currently 1,250,000 gallons.

The new contract is structured to achieve the lowest possible price for CARB ULSD fuel, offers the best available method for protection of city operations from price spikes and supply uncertainty, and has pricing that is approximately 1% per gallon less than the pricing most recent contract pricing.

Staff recommends that the City Council award a one year contract, with provisions for two one-year extensions, for CARB Ultra Low Sulfur Diesel (ULSD) fuel in the amount of \$2,701,728.09 to Silvas Oil Company of Fresno, CA.

**BACKGROUND**

The General Services Department, Fleet Management Division and Fresno Area Express are seeking to establish a new requirements contract for the purchase of ultra low sulfur diesel fuel due to the large volume of fuel purchased annually for both operations, currently 1,250,000 gallons.

The contract specifications are designed to tie City of Fresno pricing for fuel to the Oil Price Information Service (OPIS) Daily Unbranded Rack Average price for CARB ULSD fuel at the Fresno distribution terminal. This pricing structure provides staff with a better means to manage fuel orders during volatile market conditions.

A Notice Inviting Bids was advertised in the Business Journal on August 28, 2009, posted on the City's website, and distributed to 14 prospective bidders. Six sealed bids were received and opened in a public bid opening on September 24, 2009. The range in pricing for the six bid proposals was from \$2,701,728.09 to \$2,762,895.76.

Silvas Oil Company of Fresno, CA submitted the lowest bid price in the amount of \$2,701,728.09 and is considered the lowest responsive and responsible bidder.

Council may award a one year contract, with two one-year extensions, to Silvas Oil Company of Fresno, CA

Or, Council may reject all bids. If all bids are rejected, the project will be re-bid resulting in a delay of approximately sixty (60) days.

**FISCAL IMPACT**

The funding sources for this contract are approximately 67% - Enterprise Fund, 17% - Measure C, 12% - General Fund and 4% - CMAQ, Appropriations for these expenditures were approved in the FY2010 budget. Fiscal Impact Statement is attached.

Attachments: Fiscal Impact Statement

FOR: REQUIREMENTS CONTRACT FOR CARB ULTRA LOW SULFUR DIESEL FUEL

Bid File No. 9079  
 Bid Opening: September 24, 2009

<b>BIDDERS</b>	<b>TOTAL NET BID AMOUNT</b>
1. Silvas Oil Company, Inc. PO Box 1048 Fresno CA 93714	\$2,701,728.09
2. Southern Counties Oil Co. dba SC Fuels 1800 W Katella Ave, Suite 400 Orange CA 92867	\$2,715,599.79
3. Robert V. Jensen, Inc. PO Box 12907 Fresno CA 93779	\$2,732,511.35
4. Falcon Fuels, Inc. 7300 Alondru Blvd, Ste 204 Paramount CA 90723	\$2,755,993.45
5. General Petroleum Corp. 237 E Whitmore Ave Modesto CA 95358	\$2,762,895.76

Each bidder has agreed to allow the City ninety (90) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, October 21, 2009, 5:00 P.M.

The current contract pricing is 0.84% above/below the previous contract pricing.

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

The General Services Department, Fleet Management Division and Fresno Area Express are seeking to establish a new requirements contract for the purchase of ultra low sulfur diesel fuel due to the large volume of fuel purchased annually for both operations, currently approximately 1,250,000 gallons.

FOR: REQUIREMENTS CONTRACT FOR CARB ULTRA LOW SULFUR DIESEL FUEL

Bid File No. 9079  
Bid Opening: September 24, 2009

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

Award a contract in the amount of \$ 2,701,728.09  
to Silvas Oil Company of Fresno, CA.  
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Department Head Approval

  
\_\_\_\_\_  
Title Fleet Manager

Date 12/01/09

- |   |  |
|---|--|
| <input type="checkbox"/> Approve Dept. Recommendation | <input type="checkbox"/> Approve GSD/Purchasing Recommendation |
| <input type="checkbox"/> Disapprove                   | <input type="checkbox"/> Disapprove                            |
| <input type="checkbox"/> See Attachment               |  |

GENERAL SERVICES DEPARTMENT

CITY MANAGER

  
\_\_\_\_\_  
Purchasing Manager Date 12/2/2009

  
\_\_\_\_\_  
City Manager or Designee Date 12/3/09

  
\_\_\_\_\_  
Director Date 12/3/09

## FISCAL IMPACT STATEMENT

PROGRAM: GENERAL SERVICES DEPARTMENT  
FLEET MANAGEMENT DIVISION  
REQUIREMENTS CONTRACT FOR CARB ULTRA LOW SULFUR  
DIESEL FUEL

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>2,701,728.09</u>	<u>2,701,728.09</u>
Indirect Cost	<u>0</u>	<u>0</u>
TOTAL COST	<u>2,701,728.09</u>	<u>2,701,728.09</u>
Additional Revenue or Savings Generated	<u>0</u>	<u>0</u>
Net City Cost	<u>2,701,728.09</u>	<u>2,701,728.09</u>
Amount Budgeted (If none budgeted, identify source)	<u>2,950,000.00</u> ***	<u>2,950,000.00</u> ***

(\*\*\* \$2,250,000 budgeted by FAX and \$700,000 budgeted for by Fleet Management for FY2010)

The funding sources for this contract are approximately 67% - Enterprise Fund, 17% - Measure C, 12% - General Fund and 4% - CMAQ, Appropriations for these expenditures were approved in the FY2010 budget.