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Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Gwen Eng, General Services Manager

DATE: July 18, 2006

SUBJECT: Ratification of Motor Fuel Purchase from Merrimac Energy Group in the Amount of \$20,648.65

RECOMMENDATION:

Staff recommends that the City Council ratify the purchase of fuel from Merrimac Energy Group in the amount of \$20,648.65.

FISCAL IMPLICATION:

Sufficient funds are available in the Public Works budget for this purchase.

DISCUSSION:

The City operates a fueling station located at the City Yard. Our most recent contract for motor fuels was not renewed by the vendor because they wished to renegotiate the pricing structure. Additionally, because of the instability in wholesale fuel markets, few vendors are willing to enter into a contract, even with pricing indexed to market movements. While staff continues to review our contracting options, we must rely on same day bidding and ordering (making formal bidding not possible) in order to secure deliveries.

Recently, staff needed to procure motor fuels. The informal process resulted in the following bids:

<u>Vendor</u>	<u>Total Bid (Incl. Tax)</u>
1. Merrimac Energy Group	\$20,648.65
2. Southern Calif. Fuels	\$20,797.14
3. Falcon Fuels	\$21,094.39
4. Nickey Petroleum	\$22,314.95

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Merrimac Energy Group was the lowest bidder for this requirement. Because the total purchase exceeded the formal bid limit of \$20,000, staff is now seeking Council ratification for this expenditure. Additional fuel purchases in excess of \$20,000, which will be made approximately every 30-45 days, will be presented for Council ratification until such time that a new contract can be established.