



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Fahey and Members of the City Council

THROUGH: Geoff Dolan, City Manager

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

DATE: November 15, 2005

SUBJECT: Ratification of Motor Fuel Purchase from Merrimac Energy Group in the Amount of \$27,675.14

RECOMMENDATION:

Staff recommends that the City Council ratify the purchase of fuel from Merrimac Energy Group in the amount of \$27,675.14.

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. As a result, staff is reviewing our contracting options (e.g., spot market bidding, bidding jointly with other agencies, or “piggybacking”¹ on another agency’s contract).

During this time, fuel was needed and staff proceeded with informal spot market bidding (due to the fluid and dynamic nature of the gasoline and diesel markets the formal bid process is not possible because of time constraints). 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, 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.

¹ Piggybacking is the extension of pricing, terms, and conditions to other governmental agencies at the mutual consent of all parties. This is permissible under the City’s Municipal Code, section 2.36.150.