



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Modify an Existing Contract Purchase Agreement with Western States Oil for Diesel Fuel (F23-062) and Find that this Action is Exempt from CEQA Pursuant to CEQA Guideline 15378(b)(2).

REPORT IN BRIEF

Approval is requested to modify an existing contract purchase agreement with Western States Oil of San Jose for diesel fuel, increasing the not-to-exceed amount by \$150,000 from \$240,000 to \$390,000. Approval is also requested to authorize the City Manager to further modify the not-to-exceed amount for this contract and to renew for up to three (3) additional years, both subject to available budget and if pricing and service remain acceptable to the City.

EXISTING POLICY

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code (SMC), Council approval is required for the procurement of goods and/or services greater than \$250,000 in any one transaction.

In accordance with SMC Section 2.08.220(a), the purchasing officer may authorize the City's participation with one or more other governmental, public or quasi-public agencies in a cooperative agreement for the procurement of goods and/or services, provided that at least one of the agencies has solicited bids using methods similar to those set forth in Sunnyvale Municipal Code Section 2.08.060.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(2) (administrative and maintenance activities including purchases of supplies).

BACKGROUND AND DISCUSSION

The City's current contract with Western States Oil to provide diesel fuel citywide was awarded under the City Manager's authority as a result of the County of Santa Clara's cooperative multi-agency Reverse Auction conducted in December 2020. While the price of fuel is less than the retail rate (the City currently pays \$3.95 per gallon for diesel), and is marked up at a set rate of the Oil Price Information Service (OPIS) San Jose, the overall increase in the base cost of fuel has significantly impacted the rate of expenditure.

Staff is requesting that the contract purchase agreement be increased by \$150,000 based on projected fuel purchases through January 2023, when the current city contract expires. Additionally, to allow for greater flexibility and avoid potential fuel supply disruptions, staff is requesting that the City Manager have authority to further modify the not-to-exceed amount and to renew the contract for up to three (3) additional one-year periods, both subject to available budget and if pricing and service remain acceptable to the City. The current County of Santa Clara contract expires on January 11, 2024 and additional renewal periods requested by staff would be dependent on the County of Santa Clara initiating either of the two (2) optional renewal periods available with Western States Oil.

FISCAL IMPACT

Purchase of vehicle fuel is funded through the Fleet Services fund, which is funded by citywide internal service charges applied to the various departments that utilize motorized equipment. For the FY 2022/23, the budget included a 30% increase in the cost for fuel. Currently, the budget is tracking slightly over at 35% of budget with 33% of the year complete. Staff will continue to closely monitor fuel expenditures against the budget.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Public Library, Senior Center, Community Center and in the Department of Public Safety Lobby. In addition, the agenda and report are available at the Sunnyvale Public Library, Office of the City Clerk, and on the City's website.

RECOMMENDATION

Take the following actions:

- Authorize the City Manager to modify the existing Contract Purchase Agreement with Western States Oil for diesel fuel, increasing the not-to-exceed amount by \$150,000 to a new not-to-exceed amount of \$390,000 and find that the action is exempt from CEQA pursuant to CEQA Guidelines 15378(b)(2); and
- Authorize the City Manager to modify the new not-to-exceed amount and to renew the contract for up to three (3) additional one-year periods, both subject to available budget and if pricing and service remain acceptable to the City.

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Tim Kirby, Director of Finance

Reviewed by: Jaqui Guzmán, Deputy City Manager

Approved by: Kent Steffens, City Manager