



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Amend an Existing Purchase Order for Valley Oil Company to provide Unleaded Gasoline and Diesel Fuel (F19-121)

#### **REPORT IN BRIEF**

Approval is requested to amend an existing purchase order with Valley Oil Company of Mountain View, the City's unleaded gasoline provider, to include supply of diesel fuel and increase the not-to-exceed by \$200,000, from \$180,000 to \$380,000.

#### **EXISTING POLICY**

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code, City Council approval is required for the procurement of goods and/or services exceeding \$100,000 in any one transaction.

#### **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(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

#### **BACKGROUND AND DISCUSSION**

Most of the City's fleet of vehicles are powered by diesel fuel and unleaded gasoline. The fuel is stored in underground tanks at various locations in the City and the fuel supply is monitored by the Finance Department's Central Stores. On January 13, 2015, Council awarded purchase orders to Valley Oil Company for unleaded gasoline and to Golden Gate Petroleum for diesel fuel (RTC No. 14-1106).

The award was based on the results of the County of Santa Clara's online reverse auction, conducted through BidSync, which was held on October 28, 2014. The low bidder for the City's diesel fuel requirement was Golden Gate Petroleum for lots of up to 1,500 gallons (per delivery) with a bid of \$0.17 above Oil Price Information Service (OPIS) San Jose, and for lots of up to 6,000 gallons (per delivery) with a bid of \$0.075 above OPIS San Jose. On an annual basis, the City expends approximately \$200,000 per year on diesel fuel.

On December 7, 2018, Golden Gate Petroleum was acquired by Diesel Direct which was not a participant of the online reverse auction. Therefore, to continue providing diesel service, the City reviewed the Bid Results to determine Valley Oil Company as the second low bid for lots of up to 1,500 gallons (per delivery) with a bid of \$0.1890 above OPIS San Jose and for lots of up to 6,000 gallons (per delivery) with a bid of \$0.085 above OPIS San Jose (see Attachment 1 - Bid Summary). After a discussion with representatives from Valley Oil Company, they have agreed to match the

current pricing offered by Golden Gate Petroleum to the City. As a result, the City is recommending to amend the existing purchase order by increasing the amount by \$200,000 (Attachment 2) to include the purchase of diesel fuel.

### **FISCAL IMPACT**

In Fiscal Year 2018/19, approximately \$830,000 is budgeted for the purchase of vehicle fuel in the Department of Public Works Operating Program 650 (Fleet, Fuel and Equipment).

### **Funding Source**

Fuel is funded through internal service charges applied to the various departments that utilize motorized equipment. The largest user of fuel is the Department of Public Safety funded from the General Fund.

### **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 Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

Authorize the amendment of an existing purchase order with Valley Oil Company, in substantially the same format as Attachment 2 to the report, to include the supply of diesel fuel and increasing the not-to-exceed amount by \$200,000 for a new not-to-exceed of \$380,000, and authorize the City Manager to execute the purchase order when all the necessary conditions have been met and Find the Action exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

Prepared by: Gregory S. Card, Purchasing Officer  
Reviewed by: Timothy J. Kirby, Director of Finance  
Reviewed by: Teri Silva, Assistant City Manager  
Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

1. Bid Summary
2. Draft Purchase Order