



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 21-0608, Version: 1

REPORT TO COUNCIL

SUBJECT

Modify a Purchase Agreement with Valley Oil for Unleaded and Diesel Fuel (F21-152)

REPORT IN BRIEF

Approval is requested to amend an existing purchase agreement with Valley Oil of Mountain View, CA, for unleaded and diesel fuel, increasing the not-to-exceed amount by \$260,000 for a new not-to-exceed total amount of \$505,000.

With the implementation of the City's new financial system, the terminology of "Purchase Order" has changed to "Purchase Agreement." This report, and future reports, will use this new terminology.

EXISTING POLICY

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code, Council approval is required for the procurement of good and/or services greater than \$250,000 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 and unleaded gasoline. The fuel is stored in underground and aboveground tanks at various locations in the City and the inventory and refueling coordination is managed by Central Stores. Currently, the City uses approximately 2,000 gallons of fuel each week and expends almost \$600,000 annually to fuel fleet vehicles for all departments.

The City's current contract for fuel with Valley Oil Company 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 of 2020, of which the City was a participating member. Staff decided to award the contract under the total contract amount expected for the complete fiscal year for several reasons. There was a delay in receiving the contract award information from the County of Santa Clara. A financial system black out period in January to facilitate the go-live of the new financial system (ERP) also impacted the procurement timeline. Lastly, it avoids a disruption in fuel.

In previous years, when participating in the reverse auction process the City would have multiple vendors for unleaded fuel based on quantity ordered; however, the result of the Reverse Auction solicitation resulted in the same vendor being awarded contracts for small and large unleaded fuel orders with a larger sole contract with Valley Oil. It is now requested that the Valley Oil contract

purchase agreement be increased by \$260,000 in expectation for the projected fuel services through January 2022, the current term of the contract.

FISCAL IMPACT

In Fiscal Year 2020/21, approximately \$850,000 is budgeted for the purchase of all vehicle fuel and lubricants in the Department of Public Works Operating Program 7021 (Fleet, Fuel and Equipment).

Purchase of vehicle 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.

PUBLIC CONTACT

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

RECOMMENDATION

Authorize the City Manager to amend the existing Purchase Agreement with Valley Oil for unleaded and diesel fuel, increasing the not-to-exceed amount by \$260,000 for a new total not-to-exceed amount of \$505,000.

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