



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Authorize Amending an Existing Purchase Agreement with Valley Oil for Unleaded and Diesel Fuel (F22-059)

#### **REPORT IN BRIEF**

Approval is requested to amend an existing purchase agreement with Valley Oil of Mountain View, for unleaded and diesel fuel, increasing the not-to-exceed amount by \$260,000 for a new not-to-exceed amount of \$765,000. Approval is also requested to authorize the City Manager to amend the not-to-exceed amount, 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, 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**

The City's current contract with Valley Oil Company to provide 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 of 2020, of which the City is a participating member. While the price per gallon of fuel is less than the retail rate (the City is currently paying 3.85 per gallon for gasoline and 3.90 for diesel), and is marked up above 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. To address this, this contract was amended to increase the not-to-exceed amount to \$505,000 (RTC No. 21-0608) on June 8th.

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 overall contract being awarded to Valley Oil. Staff is now requesting that the Valley Oil Purchase Agreement be increased by \$260,000 in expectation of the projected fuel purchases at higher cost through January 2022, the current term of the contract. Additionally, to allow for greater flexibility to increase the new not-to-exceed amount and avoid potential fuel supply disruptions, staff is requesting that the City Manager have authority to increase the new not-to-exceed amount, provided there is available budget and if pricing and service remain acceptable to

the City.

### **FISCAL IMPACT**

The increase in contracts for the purchase of fuel citywide is largely due to the increased cost of fuel experienced nationally. In Fiscal Year 2021/22, approximately \$872,000 is budgeted for the purchase of all vehicle fuel and lubricants in the Department of Public Works Operating Program 7021 (Fleet, Fuel and Equipment). Currently, approximately \$270,000 has been expended. Staff will continue to monitor the budget throughout the year and propose adjustments as necessary.

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**

Take the following actions:

- 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 not-to-exceed amount of \$765,000; and
- Authorize the City Manager to amend the not-to-exceed amount, 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