



Agenda Report

File #: 19-0223

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 4/17/2019

TO: Honorable Mayor and City Council Members

FROM: Maintenance Services

SUBJECT:

City Council consideration of an Exception to Bidding to Downs Energy and The SOCO Group for the purchase of petroleum products using the County of Riverside agreements with both vendors.

RECOMMENDED ACTION:

That the City Council:

1. Authorize an Exception to Bidding pursuant to Corona Municipal Code (CMC) 3.08.140(C) to Downs Energy of Corona, CA, not to exceed the amount of \$700,000 for the purchase of petroleum products.
2. Authorize an Exception to Bidding pursuant to Corona Municipal Code (CMC) 3.08.140(C) to The SOCO Group of San Clemente, CA, not to exceed the amount of \$700,000 for the purchase of petroleum products.
3. Authorize the Purchasing Agent to issue purchase orders to both Downs Energy and The SOCO Group, in the amount of \$700,000.

ANALYSIS:

The City's Maintenance Services Department Fleet Services Division has the responsibility of maintaining adequate fuel levels for the four fuel tanks located throughout the City of Corona: one (1) 20,000-gallon unleaded fuel tank, two (2) 10,000 diesel fuel tanks located at Public Safety Way and one (1) 1,000-gallon diesel fuel tank located at Fire Station #1. The tank levels are monitored daily by Fleet Service Division Staff with field deliveries coordinated for each location on an "as needed" basis.

Currently, the Fleet Services Division conducts "spot" bidding on fuel whenever fuel purchases are needed. Unleaded fuel is bid approximately every three weeks while diesel fuel is bid every few

months. The bidding process takes considerable time and effort on a regular and ongoing basis.

Purchasing Division staff has consulted with the County of Riverside Purchasing Department to discuss their existing Cooperative Agreement for fuel services. The County of Riverside conducted the bid in 2011 and awarded the contract to Downs Energy and the SOCO Group.

The use of the fuel agreement with the County of Riverside will benefit the City by reducing staff time in the solicitation of multiple fuel vendors for the purchase of fuel and the City will be supporting a local Corona business. On September 13, 2011, a contract award by way of formal bid (Contract ID:RIVCO-40500-00110/12) was approved via the competitive process and authorized the County of Riverside Board of Supervisors to issue a five year agreement, renewed annually in one (1) year increments. The established and negotiated pricing structure between the Riverside County and the awarded vendors is based upon the Oil Price Information Service (OPIS) rack average, County's fuel usage, plus a predetermined differential before taxes. The differential amount is a fixed amount based upon freight, margins subject to cost of living adjustments.

Additionally, Downs Energy being located in Corona allows for card-lock/fuel cards, which are used by various departments when they cannot fuel their vehicle at one of the county fuel sites. Using these services allows county departments to take advantage of negotiated fuel rates. Downs Energy has communicated to staff that they have the ability to monitor the City's fuel levels remotely allowing for the City's tanks to consistently maintain sufficient fuel levels in the event of increased usage, or emergencies. This service to be offered comes at no additional cost to the City. In the event of an emergency, Downs close proximity would allow for delivery of fuel within two hours. Overall cost of fuel is based on daily Oil Price Information Service (OPIS) average, which is used for wholesale fuel pricing. Having a secondary source, SOCO, will allow for uninterrupted fuel deliveries in the event that Downs Energy cannot deliver for unforeseen circumstances.

In fiscal year 2017-18, the City purchased approximately 276,000 gallons of fuel totaling approximately \$694,000. Using cooperative purchasing agreements saves time, cuts administrative costs, improves agency efficiency and maximizes agency budgets.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Funding for the recommended action is included in the Maintenance Services' FY 2018-19 operating budget in the Fleet Operations Fund. Future funding requests will be submitted during the budget process.

ENVIRONMENTAL ANALYSIS:

Not applicable.

PREPARED BY: ANDY ORTIZ, PURCHASING SPECIALIST IV

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REVIEWED BY: CITA LONGSWORTH, PURCHASING MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER

ATTACHMENTS:

1. 2012 Service Agreement between County of Riverside and Downs Energy
2. 2012 Service Agreement between County of Riverside and The SOCO Group
3. Amendment No. 6. County Board of Supervisor 5-year extension