



Agenda Report

File #: 20-0577

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 07/01/2020

TO: Honorable Mayor and City Council Members

FROM: Administrative Services Department

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:

- a. Authorize as an exception to bid pursuant to Corona Municipal Code 3.08.140 (c) to Downs Energy of Corona, CA, in the amount of \$750,000 for the purchase of petroleum products for Fiscal Year 2021 and \$250,000 for July - September 2021.
- b. Authorize as an exception to bid pursuant to Corona Municipal Code 3.08.140 (c) to SOCO Group of San Clemente, CA, in the amount of \$750,000 for the purchase of petroleum products for Fiscal Year 2021 and \$250,000 for July - September 2021.
- c. Authorize the Purchasing Agent to issue purchase orders to both Downs Energy and the SOCO Group, in the amount of \$750,000 annually for fiscal year 2021 and \$250,000 for July - September 2021.

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 and 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.

Purchasing Division staff 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 current agreement between the fuel providers and the County of Riverside expires September 30, 2021 with the option to renew for five additional years, in one year increments.

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 City fuel sites. Using these services allows the City 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. Using cooperative purchasing agreements saves time, cuts administrative costs, improves agency efficiency and maximizes agency budgets.

The spreadsheet below displays the approximate fuel cost expenditures for the past three years:

Fiscal Year	Appoximate Gallons	Appoximate Cost
FY 2018	276,000	\$ 694,000
FY 2019	229,309	\$ 669,171
FY 2020	208,932	\$ 582,856

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

The funding for this action will be allocated in the department's annual budgets for Fiscal Years 2021 and 2022.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

PREPARED BY: SCOTT BRIGGS, PURCHASING SPECIALIST V

REVIEWED BY: KIM SITTON, ACTING ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Riverside County Fuel Agreement