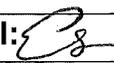




Subject: ESTABLISH OPEN PURCHASE ORDERS FOR FUEL

Council Agenda: 6/21/11
Item: 2.21

City Council Action Request

Department: Public Works	CEQA: Not a Project, File No. PP10-066(a) Agreements and Contracts	Coordination: Public Works Department, City Attorney's Office, City Manager's Budget Office	CMO Approval: 
			Dept. Approval: /s/ Scott Johnson

RECOMMENDED ACTION:

Adopt a resolution authorizing the Director of Finance to:

1. Establish unencumbered Open Purchase Orders for the purchase of fuel and petroleum products with three fuel vendors for a total aggregate amount not to exceed \$5,800,000, for the period July 1, 2011 to June 30, 2012 as follows:
 - (a) Western States Oil Company (San Jose, CA) not to exceed \$4,060,000
 - (b) Coast Oil Company (San Jose, CA) not to exceed \$580,000
 - (c) Valley Oil Company (Mountain View) not to exceed \$1,160,000
2. Increase or decrease the not-to-exceed amount for each purchase order as required due to the volatility in fuel prices; subject to the appropriation of funds.

Desired Outcome: Safe and functional public infrastructure, facilities, materials, and equipment.

BASIS FOR RECOMMENDATION:

In recognition of the fluctuation in prices of petroleum products, Council adopted Resolution No. 67770 authorizing the purchase of petroleum fuel supplies on the open market using open purchase orders issued to multiple vendors.

This purchase has been and will continue to be competitively quoted among the identified vendors and awarded on a weekly basis. The recommended amount for each vendor is based on the City's historical purchase patterns.

Office of Equality Assurance: Prevailing and Living Wage do not apply.

This Council item is consistent with Council approved Budget Strategy General Principle #2: "We must focus on protecting our vital core City services."

COST AND FUNDING SOURCE:

Fund #	Appn #	Appn. Name	Total Appn.	Amt. for Recommendation	2011-2012 Proposed Operating Budget (Pg)	Last Budget Action (Date, Ord. No)
552	0083	Inventory*	\$7,774,814	\$5,800,000	XI - 88	N/A

* The 2011-2012 Operating Budget and the implementing appropriation ordinance are anticipated to be approved by the City Council on June 21, 2011.

FOR QUESTIONS CONTACT: Mark Giovannetti, Purchasing Division Manager at 408-535-7052