

Legislation Text

File #: #18-273, **Version:** 1

PREPARED BY: VICKY VOICEHOWSKY

DATE OF MEETING: 08/06/18

SUBJECT:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AUTHORIZING THE CITY MANAGER TO PURCHASE FUEL AT AN ESTIMATED COST OF \$178,813 FOR CITYWIDE USE FROM GOLDEN GATE PETROLEUM FOR FISCAL YEAR 2018/19

CITY MANAGER RECOMMENDATION

Adopt Resolution

COMPLIANCE STATEMENTS

Increase Financial Transparency is an adopted policy item under the FY 2018-21 City Council Priority Workplan, effective November 1, 2017.

CEQA Compliance Statement

This item is not subject to CEQA.

BACKGROUND

Various departments throughout the City of San Pablo use City-owned vehicles as part of their duties and operations. These departments include the Police Department, the Public Works Department (Maintenance Division and Street Lighting and Landscape District Division), Community Services Department (Paratransit Division) and Citywide general vehicle use.

The City purchases fuel from Golden Gate Petroleum. In fiscal year 2017/18, the City used a total of 46,221 gallons of fuel for a total cost of \$124,334 as indicated in Table 1 below:

TABLE 1- Fuel Used per Department FY 2017/18

City Department	Amount of Fuel (gallons)	Total Cost of fuel
Police Department	35,418.9	\$95,276.84
Public Works SLLAD	4,104.5	\$11,041.11
Public Works Maintenance	4,104.5	\$11,041.11
Community Services Paratransit Division	1,823.10	\$4,904.14
City-wide vehicle use	769.68	\$2,070.43
TOTAL	46,220.68	\$124,333.63

Per the City's Purchasing Policy (AP-1.6), "purchase of goods and services from any one vendor that are expected to total over \$50,000 over the course of a fiscal year should receive City Council approval at the beginning of the fiscal year." A few years ago, City staff attempted to competitively

bid for fuel, but did not receive any bids at that time because vendors were unwilling to commit to a price or percentage discount, given the City's relatively small amount of fuel consumption compared to large industrial users or transit districts. Staff informally ensures that the price from Golden Gate Petroleum is competitive and that the City receives a government agency discount. There are no San Pablo companies that are fuel distributors. Therefore, at this time, the City is not following a competitive bidding process to purchase fuel in the aggregate.

Per the U.S. Energy Information Administration (EIA), fuel is expected to cost on average \$3.75 per gallon in California. For Fiscal Year 2018/19, City staff projects Citywide fuel use to total 47,150 gallons with a projected total cost of \$176,813, reflecting a 2% increase in use of fuel. Gas prices for Fiscal Year 2017/18 averaged \$2.69 per gallon. Although the EIA projects fuel costs to be \$3.75 per gallon for FY 2018/19, prices fluctuate with the economy.

TABLE 2- Projected Fuel Use for FY 18-19

City Department	Amount of Fuel (gallons)	Total Cost of fuel
Police Department	36,125	\$135,468.75
Public Works SLLAD	4,190	\$15,712.5
Public Works Maintenance	4,190	\$15,712.5
Community Services Paratransit Division	1,860	\$6,975
City-wide vehicle use	785	\$2,943.75
TOTAL	47,150	\$176,812.50

FISCAL IMPACT

Funding for fuel costs is already included under the adopted FY 2018-21 Quadrennial Budget under the respective departments. No additional appropriation is needed at this time.