

RESOLUTION NO. 2010-042

Adopted by the Sacramento City Council

January 26, 2010

SUSPENSION OF COMPETITIVE BIDDING AND AWARD OF CONTRACT FOR THE PURCHASE OF DIESEL AND UNLEADED FUEL

BACKGROUND

- A. The City of Sacramento has ongoing requirements for diesel and unleaded fuel. In July 2008, the County solicited bids for diesel and unleaded fuel, which named the City as a participant and included the City's fuel requirements. A contract was awarded to Hunt and Sons, Inc. and City Council approved the use of the contract on August 19, 2008 (Reso. No. 2008-583). On December 22, 2009, the County advised that it would assess a \$0.042 per gallon surcharge effective January 1, 2010 for using the contract. Based on current usage estimates, this surcharge would amount to approximately \$85,000 per year in additional cost to the City. The future financial impact of this additional cost prompted the Procurement staff to initiate discussions with Hunt and Sons to secure fixed pricing. These discussions were successful, and resulted in an e-mail from Hunt and Sons that expressly stated its offer to sell diesel and unleaded fuel directly to the City at the same cost, terms and conditions as the existing County contract. Staff's survey of other regional government fuel contracts indicates that pricing offered by Hunt is fair and reasonable; and
- B. In accordance with City Code Section 3.56.230, the City Council may, by a two-thirds vote, suspend competitive bidding for any purchase or contract in the best interests of the City. Staff requests that City Council suspend formal competitive bidding and award a contract with a one-year renewal option to Hunt and Sons, Inc., in an amount not to exceed \$20 million. The total dollar value of this proposed contract is based on estimated usage for the period stated.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. It is in the best interests of the City to suspend competitive bidding, and competitive bidding is hereby suspended for the purchase of diesel and unleaded fuel.
- Section 2. The original award by City Council on August 19, 2008 (Resolution No. 2008-583) authorizing the City's participation in County contract no. WA00023576 is hereby rescinded.

Section 3. Hunt and Sons, Inc. of Sacramento, CA is awarded a seven-month contract with a one-year renewal option for the purchase of diesel and unleaded fuel in a total amount not to exceed \$20 million.

Section 4. The City Manager or the City Manager's designee is authorized to execute the contract specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

Adopted by the City of Sacramento City Council on January 26, 2010 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

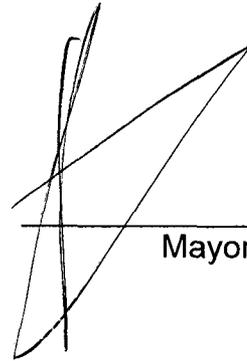
Noes: None.

Abstain: None.

Absent: None.

Attest:


Shirley Concolino, City Clerk



Mayor Kevin Johnson