TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DATE: JANUARY 10, 2011
DEPARTMENT: PUBLIC WORKS
SUBJECT: Use of City Manager's Emergency Contracting Authority to Extend the Contract Period for Contract C08124799 with Western States Oil Company

This is an informational report and no Council action is required.

BACKGROUND
This report provides information on the use of the City Manager's emergency contracting authority to extend the contract period for contract C08124799 with Western States Oil Company for an additional 90 days to ensure uninterrupted fuel delivery. The original contract was set to expire on December 16, 2010 and with this contract extension, the new expiration date will be March 31, 2011. This extension will allow adequate time for staff to solicit bids for a new contract, which will be in place before the new expiration date.

City operations use approximately 350,000 of gasoline and diesel fuel annually, so it is imperative that a contract with a fuel provider be in place at all times so that staff can order fuel whenever it is needed. This contract covers the provision and delivery of fuel to numerous locations throughout the City. Bidders bid the cost of delivery only; the price of fuel purchased is indexed to the Oil Price Information Service (OPIS) daily “Rack Average” pricing for the San Jose market. Western States Oil Company has agreed to the extension of time with no increase to their delivery costs.

DISCUSSION
Typically, bids would be solicited for this contract in September so that a new contract would be in place prior to the expiration of the current contract. However, due to staffing shortages and additional workload in Equipment Management, the RFQ submittals were not delivered to purchasing in time to facilitate a seamless transition. The RFQ submittals are now complete, and bids will be solicited in early January.

This action will not increase the cost of this contract. Use of the emergency authority of the City Manager was necessary only to extend the contract period, in order to insure the continued delivery of critical City services.

RESOURCE IMPACT
Funds for this contract are budgeted in the FY 2011 Public Works Equipment Management Operating Budget.
POLICY IMPLICATIONS
This action was taken in accordance with the authority granted to the City Manager by Palo Alto Municipal Code Sections 2.30.210(f).

ENVIRONMENTAL REVIEW
This contract is exempt from the California Environmental Quality Act under the CEQA guidelines (Section 15061).

ATTACHMENTS
None.

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City Manager