



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
Date: May 26, 2009

Honorable Mayor and
Members of the City Council

Title: Defense Energy Support Center (DESC) Aviation Fuel Contract

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** to 1) suspend competitive bidding in the best interests of the City for the purchase of aviation fuel, 2) enter an agreement with the Defense Energy Support Center (DESC) for the purchase of aviation fuel for an amount not to exceed \$125,000 for the initial term through May 2010, with options by DESC to extend from year to year, and 3) authorizing the City Manager, or his designee, to extend said agreement for four additional one-year terms in an annual amount not to exceed \$125,000 if DESC exercises its options to extend the contract, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year(s).

Contact: Gina Haynes, Lieutenant, 808-0700

Presenters: N/A

Department: Police

Division: Metro

Department ID: 11001141

Description/Analysis

Issue: The Police Department's Air Support Unit fuels its own aircraft, consisting of one fixed-wing small plane and two Bell helicopters. The Sacramento Police Department (SPD) purchases aviation fuel from the military under a government contract that creates a substantial financial savings to the City. The SPD has an agreement with the Defense Energy Support Center (DESC) for the purchase of these aviation fuels. This agreement allows the SPD to purchase both JP-8 Turbine Engine Fuel and 100LL Aviation Gas at greatly discounted prices. The pricing under the agreement with DESC is less than half of the retail fuel prices.

Policy Considerations: The SPD has maintained an agreement with DESC for the past several years. The fuel prices from DESC are approximately 50% less than retail fuel prices, creating a substantial savings for the City.

January 15, 2008, Council Resolution 2008-021, McClellan Airport Self Fueling Permit, was adopted. This action authorized the City Manager to accept this self fueling permit from the Sacramento County Airport Systems which allows SPD Air Support Unit personnel to dispense the fuel purchased from DESC into City aircraft.

Environmental Considerations:

California Environmental Quality Act (CEQA): This action is not subject to the California Environmental Quality Act (CEQA) because it does not constitute a "project" as defined in section 15378 of the CEQA Guidelines, and is otherwise exempt pursuant to section 15061(b)(3) (no significant effect on the environment) of the CEQA Guidelines.

Sustainability: Not applicable

Commission/Committee Action: Not applicable

Rationale for Recommendation: This purchase has not been competitively bid because the purchases are being made from the Federal Government under the government price schedule. This pricing is at no profit and far below any retail price. It is the recommendation of the SPD that it is in the best interest of the City to continue this agreement with DESC.

Financial Considerations: There are sufficient funds available to pay for this contract. In the FY09 budget, half of the funding for fuel comes from the Justice Assistance Grant, the other half from Asset Forfeiture funds. As of May 3, 2009, the retail price for Jet A/JP-8 turbine fuel from McClellan Jet Center was \$4.19 per gallon as compared to the current price of \$1.66 per gallon for the same fuel through DESC. In FY09, the use of the existing contract with DESC will generate approximated \$86,020 in savings.

Emerging Small Business Development (ESBD): None

Respectfully Submitted by: Mike McCarthy
Mike McCarthy, Captain

Approved by: Brian Lane for
Rick Braziel, Chief of Police

Recommendation Approved:

for Ray Kerridge
Ray Kerridge
City Manager

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RESOLUTION NO.

May 26, 2009

Adopted by the Sacramento City Council

Defense Energy Support Center (DESC) Aviation Fuel Contract

BACKGROUND

- A. The Defense Energy Support Center (DESC) provides aviation fuels to Law Enforcement agencies at military pricing. The SPD has maintained an agreement with DESC for the past several years and they have been a consistent and dependable source of discounted fuel. DESC requires a written agreement with contracting law enforcement agencies that is renewable yearly.
- B. It is in the City's best interest to suspend competitive bidding to enter an agreement with DESC for the purchase of aviation fuel in an amount not to exceed \$625,000 because (1) pricing under the contract with DESC is less than half of the retail fuel prices, creating substantial savings for the City and (2) the Police Department's Air Support Unit plays a critical role in the SPD's law enforcement function.

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

- Section 1. In the best interests of the City, competitive bidding is hereby suspended for the purchase of aviation fuel.
- Section 2. The contract for the purchase of aviation fuel is awarded to Defense Energy Support Center (DESC) for an amount not to exceed \$125,000 for the initial term through May 2010, with options by DESC to extend from year to year.
- Section 3. The City Manager, or his designee, is authorized to enter into extensions of the contract with DESC for four additional one-year terms in an annual amount not to exceed \$125,000 if DESC exercises its options to extend the contract, provided that sufficient funds are available in the budget adopted for the applicable Fiscal Year(s).

