



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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CONSENT
August 14, 2007

Honorable Mayor and
Members of the City Council

**Title: Contract Amendment: Fuel Sites Test and Repair Services --Two Thirds
Vote Required**

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) Suspending competitive bidding as in the best interests of the City; 2) authorizing the City Manager or the City Manager's designee to execute Amendment No. 1 to Contract No. B051181016 for Fuel Sites Testing and Repair Services with Kaiser Commercial Petroleum in an amount not to exceed \$254,000 for the period June 15, 2005 through June 14, 2008; and 3) ratifying prior year expenditures with Kaiser Commercial Petroleum.

Contacts: Keith Leech, Fleet Manager, 808-5869; Christopher Stewart, Procurement Services Manager, 808-6202

Presenters: Not Applicable

Department: General Services

Division: Fleet Management

Organization No: 3259

Description/Analysis:

Issue: In 2005, Bid No. B051181016 for Fuel Sites Testing and Repair Services was conducted to select a vendor for compliance testing and repair of the City's fuel sites. From that bid, the City awarded a contract to Kaiser Commercial Petroleum in an annual amount not to exceed \$70,000 with two one-year extensions. However, total expenditures over the past two fiscal years (FY2005/06 and FY2006/07) have exceeded the City Manager's authority of \$100,000 and, therefore, staff requests that City Council ratify these prior year expenditures. These unanticipated expenditures were the result of the Fleet

Management Division's upgrade of five fuel sites and unforeseen repairs.

In order to maintain compliance with state and local government regulations, staff is requesting that City Council authorize an increase of the contract amount for these services with Kaiser Commercial Petroleum for a new total amount not to exceed \$254,000 through June 14, 2008.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Section 3.56.

Committee/Commission Action: Not Applicable

Environmental Considerations: The current project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Sections 15061(b)(3) which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and 15301 relating to projects for repairs and maintenance of existing City facilities. The current proposal involves the purchasing of services for repair and maintenance of the City's fuel sites.

Rationale for Recommendation: In support of various City departments, the Department of General Services, Fleet Management Division is responsible for maintaining the City's fuel sites. Bid No. B051181016 for Fuel Sites Testing and Repair Services was used to select a vendor for compliance testing and repair of all of the City's fuel sites. Amendment No. 1 to the existing contract will provide sufficient expenditure authority for testing and repair of all city fuel sites through June 14, 2008. The Department of General Services, Fleet Management Division will conduct a bid for these services prior to June 14, 2008 for services after that date. It is anticipated that this bid will include a contract extension clause allowing for annual extensions for up to three years, and that the total contract amount over that time will require City Council approval. Therefore, staff anticipates returning to City Council in summer 2008 for approval to award the new contract.

It is in the City's best interests to suspend competitive bidding to authorize Amendment No. 1 to the contract with Kaiser Commercial Petroleum in an amount not to exceed \$254,000 through June 14, 2008 because (1) Kaiser Commercial Petroleum was the lowest responsible bidder when these services were informally bid in 2005 and has performed well under this contract, (2) it is critical that ongoing testing and repair services be continued, (3) the amendment will be subject to the same terms as Bid No. B051181016, and the original contract term was for a period of one year from the date of issuance of the original purchase order (June 15, 2005), with the option for two additional one-year extensions, and (4) unanticipated expenditures exceeded the City Manager's authority of \$100,000.

Financial Considerations: Sufficient funds are available in the Department of General Services FY2007/08 operating budget to execute Amendment No. 1 to the contract for Fuel Sites Testing and Repair Services with Kaiser Commercial Petroleum

Emerging Small Business Development (ESBD): Kaiser Commercial Petroleum is not certified as an emerging/small business firm. Through the third quarter of FY2006/07, the Department of General Services has achieved an ESBD percentage of 65%.

Respectfully submitted by: 
Christopher Stewart
Procurement Services Manager

Respectfully submitted by: 
Keith Leech
Fleet Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

for 
Ray Kerridge
City Manager

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RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

August 14, 2007

AMENDMENT NO. 1 TO THE CONTRACT FOR FUEL SITES TESTING AND REPAIR SERVICES WITH KAISER COMMERCIAL PETROLEUM

BACKGROUND

- A. In 2005, Bid No. B051181016 for Fuel Sites Testing and Repair Services was used to select a vendor for compliance testing and repair of all of the City's fuel sites. From that bid, the City awarded a contract to Kaiser Commercial Petroleum, the lowest responsive and responsible bidder, for fuel sites testing and repair services with two one-year extensions.
- B. Total expenditures with Kaiser Commercial Petroleum have exceeded the City Manager's authority of \$100,000 over the past two fiscal years (FY2005/06 and FY 2006/07). These unanticipated expenditures were the result of the Fleet Management Division's upgrade of five fuel sites and unforeseen repairs.
- D. In order to maintain compliance with state and local government regulations, staff is requesting City Council to authorize Amendment No. 1 to the contract with Kaiser Commercial Petroleum in an amount not to exceed \$254,000 through June 14, 2008.
- E. It is in the City's best interests to suspend competitive bidding to authorize Amendment No. 1 to the contract with Kaiser Commercial Petroleum in an amount not to exceed \$254,000 through June 14, 2008 because (1) Kaiser Commercial Petroleum was the lowest responsible bidder when these services were informally bid in 2005 and has performed well under this contract, (2) it is critical that ongoing testing and repair services be continued, (3) the contract will be subject to the same terms as Bid No. B051181016, and the original contract term was for a period of one year from the date of issuance of the original purchase order (June 15, 2005), with the option for two additional one-year extensions, and (4) unanticipated expenditures exceeded the City Manager's authority of \$100,000.

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 fuel sites compliance testing and repairs.

Section 2. The City Manager or the City Manager's designee is authorized to execute Amendment No. 1 to Contract No. B051181016 resulting from Bid No. B051181016 for Fuel Sites Testing and Repair Services with Kaiser Commercial Petroleum for a new total amount not to exceed \$254,000 for the period June 15, 2005 through June 14, 2008.

Section 3. Prior year expenditures with Kaiser Commercial Petroleum are hereby ratified.