



## AGENDA REPORT

**Meeting Date:** April 6, 2010  
**Item Number:** G-15  
**To:** Honorable Mayor & City Council  
**From:** Fred Simonson, Maintenance Operations Manager *FCS*  
Rene Biadoma, Fleet Manager  
**Subject:** APPROPRIATION OF FUNDS IN THE AMOUNT OF \$200,000 FROM FUND 49 RESERVES FOR THE PROVISION OF GASOLINE, DIESEL FUEL, AND LUBRICANTS;

APPROVAL OF AMENDMENT NO. 1 TO AN AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP, DBA SC FUELS FOR PROVISION OF GASOLINE, DIESEL FUEL, AND LUBRICANTS; AND

APPROVAL OF A CHANGE ORDER TO THE PURCHASE ORDER TO SOUTHERN COUNTIES OIL CO., A CA LIMITED PARTNERSHIP D.B.A. SC FUELS IN THE AMOUNT OF \$200,000 FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$650,000

**Attachment:** 1. Amendment 1 to the Agreement (276-09)

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### RECOMMENDATION

Staff recommends that the City Council move to: 1) Appropriate funds in the amount of \$200,000.00 as follows:

From	
\$200,000.00	Fund 49 – Fund Balance

To	
\$200,000.00	4910001- Fuel Inventory; Account No.: 72090

2) Approve Amendment No.1 to the Agreement with SC Fuels (276-09) increasing the total "Consideration" by \$200,000; and 3) Approve a change order to the purchase order with SC Fuels by \$200,000 to the not-to-exceed amount of \$650,000.

### INTRODUCTION

This report constitutes a request for City Council approval to appropriate \$200,000 to increase the fuel budget; approve Amendment No.1 to the Agreement (276-09) to increase the Consideration amount from \$500,000.00 to \$700,000; and approve an increase of \$200,000 to the purchase order to SC Fuels in the not-to-exceed amount of \$650,000 for the provision of gasoline and diesel fuel used for the operation and maintenance of the City's vehicle and equipment fleet.

### **DISCUSSION**

For the Fiscal Year 2010, staff estimated a combined fuel (gasoline and diesel) usage of approximately 250,000 gallons. To this date, usage data shows that this approximation is trending as forecasted.

Staff requested and received approval for \$500,000 to provide for fuel and lubricants for the Fiscal Year 2010. This budget amount was based on the annual fuel usage projection multiplied by the price/gallon projection as published by the U.S. Energy Information Administration's (EIA). As it turned out, the EIA's two-dollar-per-gallon projection, which published in February 2009, was low, and as a consequence, the City's fuel and lubricant budget was insufficient.

As of the beginning of March 2010, staff estimated that the City fuel budget would not sustain the amount of gasoline and diesel fuel required to support City operations through the end of Fiscal Year 2009/2010. The additional \$200,000 requested for fuel will increase the consideration from \$500,000 to \$700,000 and increase the purchase order amount from \$450,000 to \$650,000.

### **FISCAL IMPACT**

This appropriation request, if approved, will bring the fuel and lubricant budget for the Fiscal Year 2010 to a total amount of \$700,000. The change order to SC Fuels will increase the purchase-order amount from \$450,000 to \$650,000. The remaining amount provides for other fuel-related expenditures.

Contingent upon a drastic escalation in fuel cost, staff will request the reallocation of \$44,000, which is budgeted for program 4908501 (Vehicle Maintenance) Account No.74130 (Other Equipment) and available in this increased consideration to \$700,000.

  
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Scott Miller  
Finance Approval

  
\_\_\_\_\_  
David Gustavson  
Approved By

AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE  
CITY OF BEVERLY HILLS AND SOUTHERN COUNTIES OIL  
CO., A CA LIMITED PARTNERSHIP, DBA SC FUELS FOR  
PROVISION OF GASOLINE, DIESEL FUEL, AND  
LUBRICANTS

NAME OF VENDOR: Southern Counties Oil Co., a CA Limited  
Partnership, dba SC Fuels

RESPONSIBLE PRINCIPAL OF VENDOR: Margie Peru  
National Accounts Manager

VENDOR'S ADDRESS: P.O. Box 4159  
Orange, CA 92863-4159

CITY'S ADDRESS: City of Beverly Hills  
455 N. Rexford Drive  
Beverly Hills, CA 90210  
Attention: Rene Biadoma  
Fleet Manager

COMMENCEMENT DATE: July 1, 2009

TERMINATION DATE: June 30, 2010 and may be extended as  
described in Section 3 of this Agreement

CONSIDERATION: Original Agreement: Not to exceed  
\$500,000 per year and more particularly  
described in Exhibit A and Attachment I

Amendment No. 1: Not to exceed \$200,000

Total not to exceed \$700,000

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS  
AND SOUTHERN COUNTIES OIL CO., A CA LIMITED  
PARTNERSHIP, DBA SC FUELS FOR PROVISION OF  
GASOLINE, DIESEL FUEL, AND LUBRICANTS

This Amendment No. 1 is to the Agreement between the City of Beverly Hills (hereinafter called "CITY"), and Southern Counties Oil Co. a California Limited Partnership, dba SC Fuels (hereinafter called "VENDOR") dated July 7, 2009 and identified as Contract No. 276-09.

RECITALS

A. CITY entered into a written agreement with VENDOR dated July 7, 2009 for provision of gasoline, diesel fuel, and lubricants.

B. CITY desires to amend the agreement to increase the Consideration due to an increase in fuel consumption and an unforeseen rise in fuel costs.

NOW, THEREFORE, the parties agree as follows:

Section 1. The Consideration shall be amended as set forth above.

Section 2. Except as specifically amended by this Amendment No. 1, the Agreement dated July 7, 2009 shall remain in full force and effect.

EXECUTED the \_\_\_\_\_ day of \_\_\_\_\_, 201 \_\_, at Beverly Hills,  
California.

CITY OF BEVERLY HILLS  
A Municipal Corporation

\_\_\_\_\_  
JIMMY DELSHAD  
Mayor of the City of  
Beverly Hills, California

ATTEST:

\_\_\_\_\_  
(SEAL)  
BYRON POPE  
City Clerk

VENDOR: SOUTHERN COUNTIES OIL  
CO., A CA LIMITED PARTNERSHIP,  
DBA SC FUELS

  
\_\_\_\_\_  
PATRICK W. BARNECUT  
Vice President

APPROVED AS TO FORM:

  
\_\_\_\_\_  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

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JEFFREY KOLIN  
City Manager

  
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<sup>For</sup> DAVID D. GUSTAVSON  
Director of Public Works & Transportation

  
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KARL KIRKMAN  
Risk Manager