

**Council Meeting: March 24, 2009****SUBJECT: Award of a Contract for an Automated Fuel Management System (F0812-47) and Approval of Budget Modification No. 31****REPORT IN BRIEF**

Approval is requested for the award of a contract in the amount of \$100,373, excluding applicable taxes, to MSI Fuel Management, Inc., of Vacaville to provide and install an automated fuel management system for the Public Works Fleet Maintenance Division. Approval is also requested for Budget Modification No. 31 to provide funding for this project.

BACKGROUND

The existing fuel management system, GasBoy, is outdated. Initially installed in 1995, the current system is unable to provide reliable data on daily fuel transactions from the City's diesel and gas dispensers. The software runs on a DOS platform which is no longer supported by GasBoy. Additionally, GasBoy will no longer allow the City to obtain a service support contract for our existing system. Finally, the existing system is unable to ensure the degree of security necessary to adequately protect the City's investment in transportation fuel.

Replacing the existing system will give the City the ability to designate daily limitations based on tank size or miles driven. The new system will provide multiple security layers not currently available, such as requiring the combination of an employee ID badge and a special key to access fuel. Many vehicles in the City's fleet will utilize an on-board module which will automatically download vehicle information such as unit number, current odometer reading and idle time. An added capability includes provision of vehicle error codes to the maintenance shop, which will alert staff to repair requirements. A multitude of reporting information is also available to track equipment life cycle cost which is critical for equipment replacement analysis. Overall, the new system will aid City sustainability efforts for more efficient and economical fuel/vehicle management.

DISCUSSION

Request for Proposal specifications were prepared by Public Works, Information Technology and Purchasing staff, and Request for Proposals No. F0812-47 was issued January 13, 2009. The RFP document included evaluation criteria worth a total of 300 points, including overall system functionality, implementation, training, ongoing maintenance and support, references and

cost. Award of contract criteria included an on-site presentation from the top two proposers.

Proposals were direct mailed to the five known suppliers of fuel management systems and broadcast to other potential proposers through the Demandstar by Onvia public procurement network. Additionally, eleven firms requested proposal documents through Demandstar.

Proposals were publicly received on February 11, 2009 from MSI Fuel Management, Inc. in an amount not to exceed \$97,335, Trak Engineering, Inc. of Tallahassee, FL in an amount not to exceed \$110,603, and AssetWorks, Inc. of Wayne, PA in an amount not to exceed \$172,202.

Proposals were evaluated by a panel of Public Works, Information Technology and Finance staff. Staff recommends awarding a contract to MSI based on their proposal of an automated fuel management system that fully meets the system and implementation/support program requirements, at favorable pricing to the City. During the evaluation period, staff developed the equipment configuration that would best fit the City's needs, which slightly increased the contract award amount.

FISCAL IMPACT

Project costs are as follows:

MSI FuelMaster Fuel Management System	\$85,923
Software Installation/Training/Software Interface	\$14,450
Contingency (5% of Base Bid)	\$5,019
Total Cost	\$105,392

In addition to the products and services proposed by MSI, installation of the vehicle information module kits is required in 217 City-owned vehicles. The installation is not included in the MSI proposal (or any of the other proposals) and will be awarded under separate purchase order. The cost for the installation is estimated to be \$27,000. Also not included in the MSI proposal is approximately \$9,000 in technology upgrades necessary to connect the new system to the City's application server. Total fuel management system upgrade costs are approximately \$141,392, plus applicable sales tax, estimated to be \$7,950. Total project costs are expected to be \$149,342.

There is no existing project established for the purchase and implementation of a new fuel management system; however, the existing project for upgrading fuel stations (Project 824780) has been identified as an available funding source. This project has funding over the next four fiscal years totaling \$850,000, including \$250,000 in the current fiscal year. A recent review of the City's fuel stations has indicated that the planned projects can be delayed and that several less-expensive alternatives exist in some cases. As a result of this,

staff believes that the purchase and implementation of a new fuel management system and the necessary upgrading of the fuel stations can be accomplished within the original funding set aside in Project 824780.

Budget Modification No. 31 has been prepared to de-fund Project 824780 for FY 2008/2009 in the amount of \$250,000. \$149,342 of that amount will be used for the purchase and implementation of the new fuel management system. The remaining \$100,658 will be redistributed to the future years' project budget for the fuel stations upgrade. The total cost of the upgrade of the fuel stations and the purchase and implementation of the new fuel management system will not exceed the originally budgeted amount for the fuel stations upgrade project of \$850,000. In addition, the fuel stations upgrade project is funded by transfers from the Water Fund, the Wastewater Fund, the Community Recreation Fund, and the General Fund. The distribution of project costs across funds will be updated in the FY 2009/2010 Recommended Budget to ensure each fund is charged an appropriate share for both the fuel management system and the fuel stations upgrade.

**BUDGET MODIFICATION NO. 31
FISCAL YEAR 2008/2009**

	<u>Current</u>	<u>Increase (Decrease)</u>	<u>Revised</u>
General Services Fund/Fleet Management Sub-Fund			
<u>Transfers In:</u>			
Project 824780	\$250,000	(\$250,000)	\$0
 New Project – Fuel Management System	 \$0	 \$149,342	 \$149,342
 <u>Expenditures:</u>			
Project 824780 – Upgrading Fuel Stations	\$250,000	(\$250,000)	\$0
 New Project – Fuel Management System	 \$0	 \$149,342	 \$149,342
 Water Fund			
<u>Transfers Out:</u>			
Project 824780	\$125,000	(\$125,000)	\$0
 New Project – Fuel Management System	 \$0	 \$74,671	 \$74,671

Reserves:

Rate Stabilization Reserve	\$3,108,320	\$50,329	\$3,158,649
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Wastewater Fund

Transfers Out:

Project 824780	\$125,000	(\$125,000)	\$0
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New Project – Fuel Management System	\$0	\$74,671	\$74,671
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Reserves:

Rate Stabilization Reserve	\$9,507,031	\$50,329	\$9,557,360
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PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

RECOMMENDATION

It is recommended that Council:

1. Award a contract, in substantially the same form as the attached draft and in the amount of \$100,373, excluding applicable taxes, to MSI Fuel Management, Inc. to provide and install an automated fuel management system;
2. Approve a project contingency in the amount of \$5,019; and
3. Approve Budget Modification No. 31.

Reviewed by:

Mary J. Bradley, Director of Finance

Prepared by: Pete Gonda, Senior Management Analyst, Finance

Reviewed by:

Cuong Nguyen
Director of Information Technology

Reviewed by:

Marvin Rose
Director of Public Works

Approved by:

Gary Leubbers
City Manager

Attachments

A. Draft Service Agreement

DRAFT
SERVICE AGREEMENT BETWEEN CITY OF SUNNYVALE
AND MSI FUEL MANAGEMENT, INC.
TO PROVIDE AND INSTALL
AN AUTOMATED FUEL MANAGEMENT SYSTEM SYSTEM

THIS AGREEMENT, dated _____, is by and between the CITY OF SUNNYVALE, a municipal corporation ("CITY"), and MSI FUEL MANAGEMENT, INC., a California corporation ("CONTRACTOR").

WHEREAS, on January 13, 2009, CITY issued Request for Proposals No. F0812-47; and
WHEREAS, CONTRACTOR has submitted a proposal in response to this Request for Proposals; and

WHEREAS, CITY has determined that CONTRACTOR's proposal offers the best value to CITY;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Services

(a) There are attached and incorporated by this reference the following exhibits:

- (1) Exhibit "A", consisting of Pages 1 through 29, inclusive, of that certain document entitled "Request for Proposals No. F0812-47". The document consists of the Notice Inviting Proposals, Instructions to Proposers, Specifications, Terms and Conditions, and Proposal Format, which was submitted to all prospective proposers.
- (2) Exhibit "B", consisting of Pages 1 through 40, inclusive, of that certain document presenting the response to Request for Proposals No. F0812-47, as submitted to CITY by CONTRACTOR with the pertinent information provided by CONTRACTOR in response to the Request for Proposals.
- (5) Exhibit "C", consisting of one page entitled "Insurance Requirements", which describes the types and limits of insurance coverage CONTRACTOR shall obtain and maintain throughout the contract term, including extension(s).

(b) CONTRACTOR shall perform the services inclusive of Exhibit A, B and C referenced above.

2. Time for Performance

Time is of the essence in the performance of the Agreement. If services cannot be performed at the specified time, CONTRACTOR shall promptly notify CITY of the earliest possible date for performance of the services. Notwithstanding such notice, if CONTRACTOR, for any reason whatsoever, fails to perform the services within the time specified, CITY may terminate the Agreement or any part thereof without liability except for services previously performed and accepted.

4. Compensation

Total compensation shall not exceed One Hundred Thousand Three Hundred Seventy Two and 50/100 (\$100, 372.50), plus applicable taxes. CONTRACTOR shall submit invoices to CITY to be paid within thirty (30) days upon receipt of an accurate, itemized invoice by CITY's Accounts Payable Unit.

5. Conflict of Interest

No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONTRACTOR shall not accept employment or an obligation which is inconsistent or incompatible with CONTRACTOR's obligations under this Agreement.

6. Confidential Information

CONTRACTOR shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONTRACTOR may become aware in the performance of its services.

7. Compliance with Laws

(a) CONTRACTOR shall strictly adhere to all state and federal laws with respect to discrimination in employment and shall not discriminate against any individual on the basis of race, color, religion, gender, sexual orientation, marital status, national origin, age or disability.

(b) CONTRACTOR shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

8. Independent Contractor

CONTRACTOR is acting as an independent contractor in performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR. CONTRACTOR is responsible for paying all required state and federal taxes.

9. CITY Representative

Tony Vargas, as City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative.

10. CONTRACTOR Representative

Trent Douglass shall represent CONTRACTOR in all matters pertaining to the services and materials to be rendered under this Agreement. All requirements of CONTRACTOR pertaining to the services to be rendered under this Agreement shall be coordinated through the CONTRACTOR representative.

11. Notices

All notices required by the Agreement shall be in writing, and shall be personally delivered or sent by first class mail, postage prepaid or by commercial courier, addressed as follows:

To CITY: Tony Vargas, Fleet Manager
Department of Public Works
CITY OF SUNNYVALE
P. O. Box 3707
Sunnyvale, CA 94088-3707

To CONTRACTOR: Trent Douglass, President
MSI FUEL MANAGEMENT, INC.
P. O. Box 718
Vacaville, CA 95696

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered.

Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

12. Assignment

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

13. Termination

If CONTRACTOR defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONTRACTOR. If CITY fails to pay CONTRACTOR, CONTRACTOR at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days from the date payment is due.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONTRACTOR. In the event of such termination, CONTRACTOR shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONTRACTOR shall present CITY with any work product completed at that point in time.

14. Entire Agreement; Amendment

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

15. Miscellaneous

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST:

CITY OF SUNNYVALE ("CITY")

By _____
City Clerk

By _____
City Manager

APPROVED AS TO FORM:

("CONTRACTOR")

By _____
City Attorney

By _____

Title and Date