

**Council Meeting: June 2, 2009****SUBJECT: Authorization to Modify Two Existing Contracts for Vehicle Fuel (F0805-73)****BACKGROUND**

The City's fleet of vehicles is mainly powered by diesel and unleaded gasoline, which is stored in several underground storage tanks within the boundaries of the City of Sunnyvale and monitored by Central Stores staff. Fuel is ordered on a weekly basis, as required.

DISCUSSION

The current contracts, extended by Council on March 10, 2009 (RTC #09-072) to SC Fuels of Orange, for ultra low sulfur diesel fuel, and January 27, 2009 (RTC # 09-025) to Petro-Diamond, Inc. of Irvine, for unleaded gasoline, are due to expire on June 30, 2009. When staff requested the extension through the end of the fiscal year, the request was based on the target date the County of Santa Clara was expected to solicit bids for a cooperative purchase of vehicle fuel in which the City of Sunnyvale will be included. The County has notified the City that the target date for completion of this competitive bid has been extended to January 31, 2010. If the results are favorable for Sunnyvale, staff will return to Council to request an award of contract. Until this process is completed, Council approval is necessary in order to continue the purchase of vehicle fuel.

FISCAL IMPACT

It is anticipated that approximately \$385,000 will be spent on diesel and unleaded fuel between July 1, 2009 and January 31, 2010. Funds are available in Department of Public Works Fleet Maintenance Operating Account No. 763120, Provide Fuel and Petroleum Products. This action does not modify the budget, but only extends the term of the existing contracts through January 31, 2010.

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 authorize modification of existing contracts with SC Fuels and Petro-Diamond, by extending the contract end date to January 31, 2010 and increasing the not-to-exceed amount by \$385,000 for the purchase of fuel for City vehicles.

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