

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL	COUNCIL MEETING DATE	NO.
FROM: THE CITY MANAGER'S OFFICE	NOVEMBER 28, 1990	
SUBJECT: CONTRACT APPROVAL - FUEL SUPPLIES FOR THE PERIOD DEC. 1, 1990 THROUGH MAY 31, 1991		

RECOMMENDED ACTION: That the City Council approve the agreement providing to the City of Lodi supplies of regular and unleaded gasoline, and diesel fuel, covering the period December 1, 1990 through May 31, 1991, for award to Roberts Petroleum Service of Lodi, California.

BACKGROUND INFORMATION: On September 21, 1990, the City Council authorized the Purchasing Officer to negotiate a fuel supplies agreement with a local distributor of major brands of fuel. In view of the current crisis in the Persian Gulf and uncertainty over availability of fuel this winter, it would be prudent for the City to be involved in a fuel supplies agreement over the near term.

Since Roberts Petroleum has access to the greatest number of major refiners (Chevron, Arco, and BP North America), and offers the greatest assurance for continuity of supply during a fuel shortage situation, Roberts was selected for negotiation of an agreement. The text of the agreement is attached.

Revised estimates of fuel requirements during the six-month period are:

Regular Unleaded:	77,400 gallons
Regular Leaded:	12,400 gallons
Diesel:	21,500 gallons

Projected costs are difficult to determine as the price of oil varies, but at current prices the total cost to the City during the period is estimated to be about \$125,000.

While fuel supplies agreements do not guarantee delivery of 100% of fuel requirements during periods of shortage, users with contracts are generally given preference over those without. Additionally, in times of limited supply, major refiners generally have greater access to supplies than do independents, hence the decision to align with a major supplies contractor such as Roberts Petroleum.


Joel E. Harris
Purchasing Officer

cc: Finance Director

EXHIBIT A

November 30, 1990

FUEL SUPPLY AGREEMENT

1. This agreement between Roberts Petroleum Service (Seller) and City of Lodi, California (Buyer) provides for the sale and delivery to the Buyer estimated amounts of
 - Unleaded Regular Gasoline ("Unleaded")
 - Leaded Regular Gasoline ("Regular")
 - Diesel Fuel ("Diesel")
 during the six-month period beginning December 1, 1990 and ending May 31, 1991, unless otherwise extended or renewed.
2. Estimated requirements by fuel type and delivery location are shown on Attachment 1.
3. Seller agrees to contract with one or more major refiners, including but not limited to Chevron, BP North America, and Arco, for the purpose of providing to the Buyer the estimated supplies shown on Attachment 1.
4. In the event of allocation of fuels provided by refiner(s) to Seller, Buyer would be subject to similar allocation at a level not less than the highest level of allocation imposed by any of the Seller's contract suppliers.
5. A. Pricing of fuels to Buyer will be based on the lowest available rack price, provided by local sources, on the date of delivery, subject to the following terms and upcharges:

Payment of Invoice	Truck/Trailer (8600 gallons)	Split Loads (4300 gallons)	Under 4300 Gal.
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	(Invoice price = rack price plus:)		
0 - 10 days	+ \$.03/gal	+ \$.04/gal	+ \$.06/gal
10- 15 days	+ \$.035/gal	+ \$.05/gal	+ \$.07/gal
15- 20 days	+ \$.04/gal	+ \$.06/gal	+ \$.08/gal

- B. Freight surcharges which will apply, only in the event of fuel shortages at primary distribution locations, are:
 - Primary distribution location: Stockton, CA +\$.000/gal
 - Secondary distribution location: Sacramento, CA +\$.015/gal
 - Tertiary distribution location: Richmond, CA +\$.035/gal

Fuel Supplies Agreement
November 30, 1990
Page 2

C. Rack prices, defined as the Seller's buying price of fuel at the refiner's distribution terminal at the time fuel is loaded, must be verifiable and must be made available to Buyer upon request. "Distribution terminal" shall be the nearest distribution location of available fuel, in order of precedence, at Stockton, Sacramento, or Richmond, California.

- 6. Delivery to Buyer will be made within three (3) working days of phone order by Buyer.
- 7. This agreement is cancellable during the term December 1, 1990 through May 31, 1991, only with consent of both Buyer and Seller, but may be renegotiated with 30-days' written notice by either Buyer or Seller, in the event the highest level of allocation imposed by any of the Seller's contract suppliers falls to or below 70% of amount contracted by Seller and supplier for delivery to Seller.

In the event allocation to Buyer falls to or below 70% of estimated requirements (referencing Attachment 1), Seller is obligated to provide minimum deliveries to assure adequate supplies for Public Safety (Police and Fire) vehicles and emergency Utility and Public Works service vehicles, which obligation may be superseded only by any State and/or Federal regulations thereafter imposed upon Seller for the purpose of providing fuel supplies to Public Safety agencies.

- 8. This agreement, or such agreement as is in effect on May 31, 1991, may be renewed, with the consent of both Buyer and Seller, for an additional six-month term beginning June 1, 1991.

For City of Lodi, California
(Buyer)

For Roberts Petroleum, Inc.
(Seller)

Dated: _____

Dated: _____

CITY OF LODI

ESTIMATE OF FUEL REQUIREMENTS DECEMBER, 1990 THROUGH MAY, 1991

		CITY HALL UNLEADED	M.S.C. UNLEADED	M.S.C. DIESEL	M.S.C. REGULAP	PARKS REGULAR
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DEC.	3	-	-	-	-	-
	10	-	-	-	-	-
	17	-	-	-	-	-
	24	-	4300	-	1500	-
	31	8600	-	4300	-	-
JAN.	7	-	-	-	-	-
	14	-	-	-	-	-
	21	-	4300	-	-	-
	28	-	-	-	1500	-
FEB.	4	8600	-	4300	-	-
	11	-	4300	-	-	-
	18	-	-	-	-	-
	25	-	-	-	1500	1700
MAR.	4	-	-	4300	-	-
	11	8600	4300	-	-	-
	18	-	-	-	-	-
	25	-	-	-	1500	-
APR.	1	-	4300	-	-	-
	8	-	-	4300	-	-
	15	8600	-	-	-	-
	22	-	-	-	1500	-
	29	-	4300	-	-	-
MAY	6	-	-	4300	-	-
	13	-	-	-	-	-
	20	8600	4300	-	1500	-
	27	-	-	-	-	1700
TOTAL GALLONS:		43,000	34,400	21,500	9,000	3,400

RESOLUTION NO. 90-175

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING THE CONTRACT FOR FUEL SUPPLIES
FOR THE PERIOD DECEMBER 1, 1990 THROUGH MAY 31, 1991

WHEREAS, on September 21, 1990, the City Council authorized the Purchasing Officer to negotiate a fuel supplies agreement providing to the City of Lodi supplies of regular and unleaded gasoline and diesel fuel, covering the period December 1, 1990 through May 31, 1991; and

WHEREAS, Roberts Petroleum Service of Lodi, California was selected for negotiation of an agreement;

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby approves the agreement attached hereto as Exhibit A for providing to the City supplies of regular and unleaded gasoline and diesel fuel, covering the period December 1, 1990 through May 31, 1991 for the award to Roberts Petroleum Service of Lodi, California.

*Dated: November 28, 1990

I hereby certify that Resolution No. 90-175 was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 28, 1990 by the following vote:

Ayes: Council Members - Hinchman, Olson, Pinkerton, Reid and Snider
(Mayor)

Noes: Council Members - None

Absent: Council Members - None

Alice M. Reimche
Alice M. Reimche
City Clerk