

AGENDA



Thursday, April 5, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 22**

Subject: Authorize award and execution of Amendment No. 3 to a requirements supply contract with SUN COAST RESOURCES, INC., Houston, TX, to increase the current term of the contract for the supply of gasoline and diesel fuel in an estimated amount not to exceed \$2,054,258 and increase the remaining three extension options in estimated amounts not to exceed \$2,115,886, \$2,179,362, and \$2,244,743 respectively, for a revised total estimated contract amount not to exceed \$50,948,952.

Amount and Source of Funding: Funding is available in the Fiscal Year 2006-2007 Operating Budgets of various City departments. Funding for the remaining extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Rick Fudge, Deputy Purchasing Officer/974 2033

Purchasing Language: Contract Amendment.

MBE/WBE: This contract was awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

Prior Council Action: 06/09/05 – Approved a 12-month requirements supply contract, with four 12-month extension options.

On June 9, 2005, Council approved a 12-month requirements supply contract with four 12-month extension options for the supply of automotive unleaded gasoline and diesel fuel. Amendment No. 1 exercised the first 12-month extension option. Amendment No. 2 allowed the City to begin purchasing Oryxe additive which converts regular No. 2 diesel fuel into a cleaner burning fuel equivalent to TxLED and approved by the Texas Commission for Environmental Quality.

This contract amendment will provide for an increase in the spending authority to cover unanticipated volatility in fuel prices for the current contract term and future extension options. National concerns over falling gasoline inventories from decreased refinery production and fewer imports have boosted oil and fuel prices with expectations that this trend will continue.