



CITY COUNCIL AGENDA REPORT

MEETING DATE: DECEMBER 2, 2008

ITEM NUMBER:

SUBJECT: SOLESOURCE PURCHASE OF FUEL MANAGEMENT SYSTEM

DATE: NOVEMBER 17, 2008

FROM: PUBLIC SERVICES DEPARTMENT

PRESENTATION BY: PETER NAGHAVI, PUBLIC SERVICES DIRECTOR

**FOR FURTHER INFORMATION CONTACT: BRUCE HARTLEY, MAINTENANCE SERVICES
MANAGER (714) 754-5164**

RECOMMENDED ACTION

Authorize a sole source purchase order for the upgrade of the existing City-owned fuel management system to ORPAK USA, 100 First St. Suite 200, Hackensack, N.J. 07601 in the amount of \$68,806.17.

BACKGROUND

The replacement of the City's fuel management system was approved as a Fixed Asset purchase in the Facilities & Equipment Program in the fiscal year 2007/08 budget at an estimated cost of \$70,000. Thorough research and investigation into alternative replacement products delayed the purchase. The Finance Department 'carried over' the funding to the fiscal year 2008/09 budget at the request of the Maintenance Services Manager. Research and product selection has been completed and a sole-source justification for the purchase of an upgrade package for the existing system is being recommended.

ANALYSIS

The fuel management system currently operated by the Facilities & Equipment Section of the Maintenance Services Division monitors fuel levels in underground storage tanks and provides for the automatic dispensing and tracking of various motor vehicle fuels into City vehicles and equipment. It is manufactured by a company called ORPAK USA. The system also interfaces with the fleet repair tracking software to allow for the departmental 'billing' of fuel use for the City's vehicles.

The internal components of the current system are obsolete. Recent repairs have necessitated utilization of used components and have resulted in excessive down time locating scarce replacement parts. This also increases labor costs for repairs significantly. Additionally, as internal components of the current system fail, the repair technicians have utilized all available options within the equipment and are to the point where the next time any of the critical parts fail, the ability to dispense and track fuel from the affected dispenser will cease.

The potential for failure of this system is high and may result in compromising the access to and security of fuel dispensing at either the Police Department or the Corporation Yard. The current system reports inventory control from both sites to the computers at the Fleet Services offices in the Corporation Yard.

Staff has researched several alternate fuel management systems and has determined that if the entire system were to be replaced with a different product and vendor, the City would incur significantly higher costs than if an upgrade were purchased for the existing system. A comprehensive replacement of the system would cost over \$120,000, whereas upgrading to all electronic components in the current system and installing more advanced software that would be compatible with the hardware in all City vehicles, would cost less than \$70,000.

The most cost effective alternative would be to upgrade the existing system through ORPAK USA with new electronic hardware; i.e. control boxes, card readers and related components at both sites. The upgrade cost is \$68,806.17, with a five year warranty. No other manufacturers of fuel management systems produce equipment and software that would operate the City's existing equipment.

ALTERNATIVES CONSIDERED

The only alternative to rehabilitating this equipment identified by staff would be to purchase a substitute system at a significantly higher cost. The estimated cost of a new system with similar capabilities is approximately \$120,000 to \$130,000 as compared to the \$68,806 upgrade cost.

FISCAL REVIEW

Funding for the fuel management system upgrade is included in the Public Services department's 2008-2009 fiscal year adopted budget. Based upon the information included in the attached sole-source justification sheet, a sole-source purchase is appropriate.

LEGAL REVIEW

A legal review is not required for this item.

CONCLUSION

The Facilities and Equipment Section of Maintenance Services is responsible for maintaining fuel inventory and dispensing capabilities to continue providing the high level of security, inventory control and dependable access to fuel for City equipment that services the citizens of Costa Mesa. The current fuel tracking equipment and software is obsolete and in poor condition. Due to the importance of tracking the stored and dispensed fuels in support of the City fleet of vehicles and equipment, it is recommended that the City Council authorize the sole source purchase of necessary equipment to ORPAK USA.

BRUCE A. HARTLEY
Maintenance Services Manager

PETER NAGHAVI
Public Services Director

MARC R. PUCKETT
Director of Finance

Attachment:	Justification for Sole Source Request
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C: Deborah Caspar, Purchasing Supervisor