

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: General Services Department

AGENDA DATE: TBD by Purchasing on March 18, 2008

CONTACT PERSON/PHONE: Jeff Belles, 621-6821; Terrence Freiburg, Purchasing Mgr., 541-4313

DISTRICT (S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? **OR AUTHORIZE** the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

Please terminate Contract 2007-062 for Antifreeze.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

Request Termination due to default for their failure to provide the antifreeze at the contracted price.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

Yes.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. DeptID/account/fund/project.

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD: Jeffrey A Belles, March 6, 2008

(Example: if RCA is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____ **DATE:** _____

RESOLUTION

WHEREAS, the City awarded Contract No. 2007-062 to Big Bear Oil Company on January 30, 2007 for Antifreeze; and

WHEREAS, the City Council terminates said Contract for default pursuant to the provisions of the Contract; and

WHEREAS, pursuant to Section C 18B of the Contract (Cancellation for Default), the City is authorized to terminate the Contract for default; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the Purchasing Manager is authorized to notify Big Bear Oil Company that the City is terminating Contract No. 2007-062 pursuant to the provisions and requirements of Section C 18B of the Contract Clauses due to default for their failure to provide the antifreeze at the contracted price, and that the termination shall be effective as of March 18, 2008.

PASSED AND APPROVED this _____ day of _____, 2008.

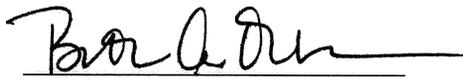
THE CITY OF EL PASO

John Cook
Mayor

ATTEST:

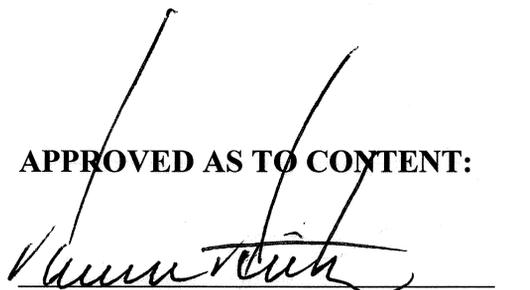
Richarda D. Momsen
City Clerk

APPROVED AS TO FORM:



Bertha A. Ontiveros
Assistant City Attorney

APPROVED AS TO CONTENT:



Terrence Freiburg
Purchasing Manager, Financial Services



Bear Enterprises

1025 Wall Road
El Paso, TX 79915
915-775-1945

2008 FEB 14 PM 3:14
RECEIVED
PURCHASING DEPARTMENT

February 11, 2008

City of El Paso
Mr. Terry Freiburg
Purchasing Manager
2 Civic Center Plaza
El Paso, TX 79901

Mr. Freiburg,

Big Bear Oil Co., Inc. currently holds several long term oil and lubricants contracts with The City of El Paso, some of which that date back to 2004. Upon review, one would conclude that Big Bear Oil and The City have had a stellar, problem free, working relationship. Unfortunately, due to unforeseen circumstances, the antifreeze market has increased to the point that Big Bear Oil is selling this product at a loss to The City of El Paso and this has but a financial burden on the company.

With the absence of a price escalation clause in the contract and along with the antifreeze market increases, we are requesting that this contract be cancelled, with no adverse actions against Big Bear, and re-competed with the appropriate clauses added.

Please find included with this letter a seventeen page report titled Glycol & Derivatives Report to help explain the market trend of the base materials used in the manufacturing of antifreeze and also on page seven of the report a specific section on antifreeze as a whole. This information should illustrate the up turn in the market which has made this product a loss for Big Bear Oil under the current contract conditions.

Again in closing I would like to reiterate that through five years of service, on various contracts, this is the first request of this nature and sincerely hope that stellar past performance counts in our favor.

Respectfully submitted,

Craig A. Mollard
Vice President of Sales