



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2018 MAY 31 PM 4: 27

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Director of Finance

SUBJECT: Automotive Fuel Contract

DATE: May 17, 2018

City Administrator Approval

Date:

5/31/18

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The Award Of A Contract To Western States Oil Company, The Lowest Responsive And Responsible Bidder, A Non-Local Business Enterprise, For The Purchase Of Automotive Fuel, In An Amount Not-To-Exceed Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000) Per Year For A Three (3) Year Term, July 1, 2018 To June 30, 2021, In Accordance With Its Bid Filed With The City Clerk On April 25, 2018 In Response To RFQ 100418 Automotive Fuel 18-928-00, And Authorizing The City Administrator To Extend The Agreement, Annually, For An Additional Two (2) Years In An Amount Not-To-Exceed Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000) Per Year For A Total Not-To-Exceed Contract Amount Of Eighteen Million Seven Hundred Fifty Thousand Dollars (\$18,750,000) Over A Five (5) Year Term, Without Return To City Council.

EXECUTIVE SUMMARY

Adoption of the proposed resolution will authorize the award of a contract to Western States Oil Company for the purchase of automotive fuel, in an amount not-to-exceed \$3,750,000 per year for a three year term, July 1, 2018 to June 30, 2021, and authorizing the City Administrator to extend the agreement, annually, for an additional two years in an amount not-to-exceed \$3,750,000 per year for a total not-to-exceed contract amount of \$18,750,000 over a five year term, without return to City Council.

BACKGROUND / LEGISLATIVE HISTORY

In Fiscal Year 2017-2018 the City purchased 1,000,000 gallons of unleaded and renewable diesel fuel costing approximately \$2,250,000. This amount of fuel was consumed by 28 fuel tanks and 17 emergency generators located throughout the City of Oakland.

The existing fuel contracts are set to expire at the end of the current fiscal year, which has facilitated the critical need for this contract. This requirement is necessary to avoid any disruption of City services. If these contracts expire, staff must then obtain competitive spot bids

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for each week of fuel purchases, which is a time-consuming process for both staff and the Purchasing Section.

ANALYSIS AND POLICY ALTERNATIVES

On February 23, 2018, the City issued a Request for Quote (RFQ) notice in accordance with the Oakland Municipal Code (OMC) 2.04.050 – Bid procedure. The notice was advertised in the local newspaper, published on the City's website and issued through Oracle Sourcing which also includes hundreds of registered vendors. A total of 17 non-local business enterprises were identified and solicited directly. On March 12, 2018, the City conducted a pre-bid conference, where five vendors were in attendance.

On April 25, 2018, the City Clerk received bids from Western States Oil Company, a non-local business enterprise, and Pinnacle Petroleum, Inc, a non-local business enterprise. Based on the information provided in response to RFQ 100418 Automotive Fuel 18-928-00, Western States Oil Company, a non-local business enterprise was deemed to be the lowest responsive and responsible bidder.

Staff recommends that the City Council adopt a resolution authorizing the award of a contract to Western States Oil Company, the lowest responsive and responsible bidder, a non-local business enterprise for the purchase of automotive fuel, in an amount not-to-exceed \$3,750,000 per year for a three year term, July 1, 2018 to June 30, 2021, and authorizing the City Administrator to extend the agreement, annually, for an additional two years in an amount not-to-exceed \$3,750,000 per year for a total not-to-exceed contract amount of \$18,750,000 over a five year term, without return to City Council.

FISCAL IMPACT

In Fiscal Year 2018-19 the total cost to purchase unleaded and renewable diesel fuel is projected to be approximately \$2,900,000. A contingency of approximately 29 percent has been added due to the market fluctuation and volatility of fuel prices.

Proposed Contract Purchase Agreement For Automobile Fuel

Project Fiscal Year	Cumulative Contract Amount
2019	\$3,750,000
2020	\$3,750,000
2021	\$3,750,000
2022*	\$3,750,000
2023*	\$3,750,000
Grand Total:	\$18,750,000

*Optional Extension(s)

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Funding for this fuel contract is available in the (FY) 2018-2019 adopted budget, in the Equipment Services Fund 4100; Equipment Services Administration Organization 30541; Fuel 52888; Administrative Project 1000010; Fleet Management and Maintenance Program IN01. For (FY) 2019-2021, contractual financial provisions will be contingent upon the availability of funding.

PUBLIC OUTREACH / INTEREST

This report was posted on the City's website and advertised in the Oakland Tribune.

COORDINATION

The Controller's Bureau, Purchasing Section worked with OPW's Bureau of Infrastructure and Operations Equipment Services Division, the City's Budget Bureau, and the City Attorney's Office in preparation of this report.

SUSTAINABLE OPPORTUNITIES

Economic: The award of this contract will yield approximately \$4,500.00 in annual business tax revenue to the City of Oakland.

Environmental: There are no environmental impact concerns associated with this report.

Social Equity: There are no social equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Administrator to award a contract to Western States Oil Company, the lowest responsive and responsible bidder, a non-local business enterprise, for the purchase of automotive fuel in an amount not-to-exceed \$3,750,000 per year for a three (3) year term, July 1, 2018 to June 30, 2021 and the option to extend the agreement annually for an additional two (2) years in an amount not-to-exceed \$3,750,000 per year for a total not-to-exceed contract amount of \$18,750,000 without returning to City Council in accordance to its bid filed with the City Clerk April 25, 2018 in response to RFQ 100418 Automotive Fuel 18-928-00.

For questions regarding this report, please contact Fred Haliburton, Purchasing Supervisor, at 510-238-6464.

Respectfully submitted,



KATANO KASAINÉ,
Finance Director, Finance Department

Reviewed by:
Kirsten LaCasse, Controller
Finance Department

Fred Haliburton, Purchasing Supervisor
Purchasing Section

Prepared by:
Walter Silva, Buyer
Purchasing Section

Attachments (#):

- A. RFQ 100418 Award Recommendation.doc
- B. RFQ 100418 Bid Recap.pdf



**CITY OF OAKLAND
PURCHASING SECTION
AWARD RECOMMENDATION STATEMENT**

WALTER SILVA		PURCHASING/ACQUISITION/CONTRACT: Automobile Fuel	
<u>COUNCIL AGENDA DATE:</u> June 12, 2018	<u>SPECIFICATION/PROJECT NO.:</u> RFQ 100418 Automobile Fuel 18-928-00	<u>FUNDING SOURCE:</u> Equipment Services Fund 4100; Equipment Services Administration Organization 30541; Fuel 52888; Administrative Project 1000010; Fleet Management and Maintenance Program IN01	<u>BID OPENING DATE:</u> April 25, 2018
	PREVIOUS LEGISLATION:		
	CONTRACT PERIOD: July 1, 2018 to June 30, 2021		
PURPOSE STATEMENT: To provide the City of Oakland Automobile Fuel as requested by the OPW's Bureau of Infrastructure and Operations Equipment Services Division.			
ITEM NO./DESCRIPTION		PREVIOUS CONTRACT AMOUNT	ANNUAL ESTIMATED COST
Bosco Oil, Inc. dba Valley Oil Company - Automobile Fuel		\$1,850,000	\$3,750,000
Golden Gate Petroleum - Automobile Fuel		\$1,050,000	
PERCENT DIFFERENCE			
-29.31%			
COMMENTARY:			
RANGE OF BIDS RECEIVED			
<u>TOTAL BIDS RECEIVED/DOLLAR RANGE</u> 2 (Please reference Bid Recap)		<u>BIDS WHICH MEET SPECIFICATION/DOLLAR RANGE</u> 2 (Please reference Bid Recap)	
LOW BIDS NOT MEETING SPECIFICATION			
VENDOR NAME/ADDRESS	REASON	RECOMMENDATIONS ON REJECTIONS	
AWARD RECOMMENDED			
VENDOR NAME/ADDRESS Western States Oil Company 1790 South 10 th St. San Jose, CA 95112	DESCRIPTION Automobile Fuel	ESTIMATED ANNUAL AMOUNT \$3,750,000.00	

SUBMITTED BY

APPROVED AND FORWARDED TO COUNCIL

DEPARTMENT HEAD

OFFICE OF THE CITY ADMINISTRATOR

BID CALL	TOTAL	LOWEST BID BY CATEGORY	
		LOCAL BUSINESS	NON-LOCAL
ASK	17	0	17
NO RESPONSE	15	0	15
BIDS RECEIVED	2	0	2
AWARDS RECOMMENDED	1	0	1

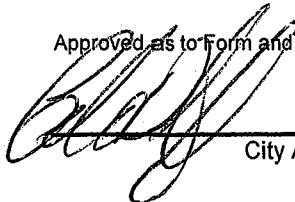
VENDOR INFORMATION				BIDDER # 1		BIDDER # 2	
Vendor Name				Western States Oil Company		Pinnacle Petroleum, Inc.	
Vendor Address				1790 South 10th St.		16651 Gemini Lane	
Vendor Address				San Jose, CA 95112		Huntington Beach, CA 92647	
Contact Person				Tom Burke		Liz McKinley	
Telephone				408-292-1041		714-841-8977	
Small local vendor ?				no		no	
Oakland vendor ?				no		no	
LINE	DESCRIPTION	QUANTITY	UNIT COST	TOTAL	UNIT COST	TOTAL	
1	Unleaded (87 Octane) 1,001 - 4,000 gallons	1 Gallon	\$ 0.11000	\$ 0.11000	\$ 0.02090	\$ 0.02090	
2	Unleaded (87 Octane) 4,001 - 10,000+ gallons	1 Gallon	\$ (0.02962)	\$ (0.02962)	\$ 0.01510	\$ 0.01510	
3	Renewable Diesel 1,001 - 4,000 gallons	1 Gallon	\$ 0.03500	\$ 0.03500	\$ 0.75000	\$ 0.75000	
4	Renewable Diesel 4,001 - 10,000+ gallons	1 Gallon	\$ (0.03800)	\$ (0.03800)	\$ 0.07210	\$ 0.07210	
5	Unleaded (87 Octane) up to 1,000 gallons	1 Gallon	\$ 0.16000	\$ 0.16000	\$ 0.39600	\$ 0.39600	
6	Renewable Diesel 1,001 - 4,000 gallons	1 Gallon	\$ 0.03500	\$ 0.03500	\$ 0.75000	\$ 0.75000	

Bid Comparison*

Description	Western States Oil Company	Pinnacle Petroleum, Inc.
Unleaded (87 Octane) up to 1,000 gallons	\$54,634.77	\$58,964.89
Unleaded (87 Octane) 1,001 - 4,000 gallons	\$475,520.78	\$461,049.02
Unleaded (87 Octane) 4,001 - 10,000+ gallons	\$1,267,264.18	\$1,287,545.31
Renewable Diesel 1,001 - 4,000 gallons	\$324,144.31	\$408,589.38
Renewable Diesel 4,001 - 10,000+ gallons	\$440,257.01	\$458,400.94
Total	\$2,561,821.04	\$2,674,549.55

*Comparison uses current bid prices at 2017 usage

Bureau of Controller
AGENCY / DEPARTMENT


City Attorney

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RESOLUTION No. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AUTHORIZING THE AWARD OF A CONTRACT TO WESTERN STATES OIL COMPANY, THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER, A NON-LOCAL BUSINESS ENTERPRISE, FOR THE PURCHASE OF AUTOMOTIVE FUEL, IN AN AMOUNT NOT-TO-EXCEED THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000) PER YEAR FOR A THREE (3) YEAR TERM, JULY 1, 2018 TO JUNE 30, 2021, IN ACCORDANCE WITH ITS BID FILED WITH THE CITY CLERK ON APRIL 25, 2018 IN RESPONSE TO RFQ 100418 AUTOMOTIVE FUEL 18-928-00, AND AUTHORIZING THE CITY ADMINISTRATOR TO EXTEND THE AGREEMENT, ANNUALLY, FOR AN ADDITIONAL TWO (2) YEARS IN AN AMOUNT NOT-TO-EXCEED THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000) PER YEAR FOR A TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF EIGHTEEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$18,750,000) OVER A FIVE (5) YEAR TERM, WITHOUT RETURN TO CITY COUNCIL,

WHEREAS, on February 23, 2018 in accordance with Oakland Municipal Code (OMC) 2.04.050 the City issued and advertised RFQ 100418 Automobile Fuel 18-928-00 to purchase fuel; and

WHEREAS, on April 25, 2018 the City Clerk received two bids in response to RFQ 100418 Automobile Fuel 18-928-00; and

WHEREAS, the bid submitted by Western States Oil Company was evaluated and deemed the lowest responsive and responsible bidder and meets all the requirements contained in RFQ 100418 Automobile Fuel 18-928-00 to purchase automobile fuel; and

WHEREAS, that all proposed contract expenditure allocations shall be expensed to the Oakland Public Works Equipment Services Fund 4100; Equipment Services Administration Organization 30541; Fuel Account 52888; Administrative Project 1000010, Fleet Management and Maintenance Program IN01; now, therefore be it

RESOLVED: That a contract be awarded to Western States Oil Company, the lowest responsive and responsible bidder, a non-local business enterprise in an amount not-to-exceed \$3,750,000 per year for a three (3) year term, July 1, 2018 to June 30, 2021 in accordance with its bid filed with the City Clerk on April 25, 2018 in response to RFQ 100418 Automotive Fuel 18-928-00, and that the City Administrator is hereby authorized to extend the agreement, annually, for an additional two (2) years in an amount not-to-exceed \$3,750,000 per year for a total not-to-exceed contract amount of \$18,750,000 over a five year term without returning to City Council; and be it

FURTHER RESOLVED: That the City Council hereby rejects all other bids submitted in response to RFQ 100418 Automobile Fuel 18-928-00; and be it

FURTHER RESOLVED: That the contract shall be approved for form and legality by the City Attorney and copies shall be placed on file in the City Clerk's Office.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN,
AND PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California