

Agenda Report

December 3, 2018

TO: Honorable Mayor and City Council

FROM: Fire Department

SUBJECT: AUTHORIZATION TO ENTER INTO CONTRACT WITH PINNACLE PETROLEUM, INC. TO PROVIDE RENEWABLE DIESEL FUEL FOR AN AMOUNT NOT TO EXCEED \$495,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. i) Accept the bid dated October 30, 2018 submitted by Pinnacle Petroleum, Inc. in response to specifications for renewable diesel fuel, ii) reject all other bids, and iii) authorize the City Manager to enter into three-year contract with Pinnacle Petroleum for an amount not-to-exceed \$495,000, with two additional one-year options in an amount not-to-exceed \$165,000 annually subject to the approval of the City Manager, for a maximum contract length of five years and a total amount of \$825,000.

BACKGROUND:

The Fire Department currently operates two (2) front-line trucks, eight (8) engines and five (5) rescue ambulances (RAs), and additional reserve and specialty apparatus. These vehicles are necessary to ensure public safety. Prior to December 2017 all fire apparatus used unleaded and diesel fuel, which is purchased and managed by the Public Works Department. Fuel expenses were charged as used through the Internal Services (IS) - Fleet Maintenance - Fuel account.

In fiscal year (FY) 2018, the Fire Department initiated a pilot program for renewable diesel fuel in select apparatus including one (1) truck, four (4) engines and four (4) RAs. Using renewable diesel fuel can have many beneficial contributions including reducing the City's carbon footprint, and minimizing fuel emissions that can be harmful to employees and to the environment. Following a formal bid process, the City Manager

authorized a purchase order contract with IPC (USA), Inc. with an optional one-year extension to transition all fire apparatus to renewable diesel fuel if the pilot program proved successful. The use of renewable diesel in fire apparatus has received strong positive feedback from fire personnel, with no apparatus issues reported. Following the success of the pilot program, the Department would like to initiate a formal multi-year contract for renewable diesel fuel for all apparatus.

On October 18, 2018 the City published a Notice Inviting Bids to provide renewable diesel fuel as required by the Fire Department. Staff requested for vendors to bid on estimated quantities of fuel and number of deliveries based on annual needs. The bid was posted on the City's online bidding site, Planet Bids, and notices were advertised in the Pasadena Journal and the Pasadena Weekly in accordance with City Charter and Municipal Code provisions. A total of 180 vendors were notified, of which 17 prospective vendors downloaded the bid. None of the prospective bidders were local to Pasadena.

Four bids were received and publicly opened on October 30, 2018. Of the responsive bids received, the bid results were as follows:

<u>Bidders</u>	<u>Total Weighted Bid Price</u>
Pinnacle Petroleum, Inc., Huntington Beach, CA	\$182,374
IPC (USA), Inc., Santa Ana, CA	\$183,418
AAA Oil, Inc., Garden Grove, CA	\$221,617
Musket Corporation, Houston, TX	\$218,016

The bids were evaluated by Fire Department staff and Pinnacle Petroleum, Inc. was found to be the lowest responsive and responsible bidder and is able to provide all specified goods and meet all indicated requirements.

Based on prior years' actual expenditures on fuel for all fire apparatus, the Fire Department recommends the City Council to authorize a contract with Pinnacle Petroleum for a three-year period in an amount not-to-exceed \$495,000. As proposed, the contract may be extended for two additional one-year terms not-to-exceed \$165,000 annually, subject to the approval of the City Manager and without further City Council approval.

COUNCIL POLICY CONSIDERATION:

The proposed contract furthers the City Council's strategic planning goals to ensure public safety and to increase conservation and sustainability.

ENVIRONMENTAL ANALYSIS:

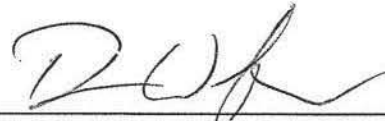
The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines

Section 15378. The authorization to enter into a contract with a vendor to provide renewable diesel fuel is a continuing administrative activity (i.e., purchasing of supplies). This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

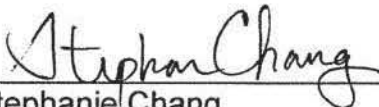
The total cost of this action will be \$495,000 for the three-year term. Funding will be addressed by the utilization of FY 2019 budgeted appropriations in the Fire Department's General Fund operating budget account for Fire and Rescue Services Gas/Fuel (10131015-813800). There are no anticipated impacts to other operational programs or capital projects as a result of this action.

Respectfully submitted,



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Approved by:



STEVE MERMELL
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