

Agenda Report

February 14, 2022

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: CONTRACT AWARD TO FALCON FUELS, INC. FOR FURNISHING AND DELIVERING BULK UNLEADED GASOLINE AND RENEWABLE DIESEL FUEL IN AN AMOUNT NOT-TO-EXCEED \$8,535,000 FOR UP TO FIVE YEARS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. a) Accept bid dated January 14, 2022, submitted by Falcon Fuels, Inc. for furnishing and delivering bulk unleaded gasoline and renewable diesel fuel; b) reject all other bids; and c) authorize the City Manager to enter into a contract with Falcon Fuels, Inc. for an amount not-to-exceed \$5,121,000 over a three-year period, with the option for two additional one-year extensions, in the annual amount of \$1,707,000, at the discretion of the City Manager, for a maximum total contract length of five years and a grand total contract amount of \$8,535,000

BACKGROUND:

The Department of Public Works, Building Systems and Fleet Management Division (BSFMD) purchases and supplies unleaded and regular diesel fuel for the City's fleet. The City has four fueling sites located at the City Yard, Civil Defense Center, Police Department, and Fire Station 33 with a total of ten fuel underground storage tanks (USTs). BSFMD currently manages bulk ordering of fuel for nine USTs. The remaining UST at Fire Station 33 has been filled with renewable diesel fuel since 2017 and is utilized by the Fire Department to fuel its diesel-powered frontline rescue ambulances, engines, and ladder trucks.

Since the use of renewal diesel fuel has not adversely affected the service or quality of City emergency vehicles, staff is proposing to fully transition from regular diesel fuel to renewable diesel fuel to power all diesel engines in the City's fleet moving forward. This

transition aligns with the City's increased commitment to reduce carbon footprint and harmful greenhouse gas emissions to the environment.

The City's fuel island software documents all fuel use such as price, quantity, time, and vehicle number, allowing for accurate internal fuel billing to City departments. Aside from documentation, having City fuel provides added redundancy and reliability in case of an emergency where fuel supply is affected.

On December 23, 2021, a Notice Inviting Bids for Furnishing and Delivering Bulk Unleaded Gasoline and Renewable Diesel Fuel was posted on PlanetBids as well as published in the local paper. The posting generated notices to all vendors who have previously registered with the City for this particular commodity class. Staff referenced a list of local vendors in the City's business license database as well as online web searches in an attempt to reach potential local vendors that can supply bulk fuel and delivery. There were no local vendors found.

A total of 15 vendors downloaded the specifications of which none were local. Six non-local bids were received by the January 19, 2022 bid opening date.

BID RESULT:

The Oil Price Information Sheet (OPIS) market index is used as a benchmark for the fuel industry's base fuel pricing. Per the bid specification, bidders were asked to utilize the OPIS price as of December 9, 2021 and provide the mark-up charge to the City on purchases for estimated annual gallons of unleaded gasoline and/or renewable diesel fuel. Bid results reflect estimates for bid purposes only. Actual contract pricing will be based upon anticipated quantities of fuel and budget availability.

Since fuel suppliers may not carry or have the capacity to provide both fuel types, bidders were asked to bid on either one or both fuel types. Bid results are to be evaluated separately to determine the lowest bidder for each fuel type, potentially awarding up to 2 different vendors.

The bid results for bulk unleaded gasoline are as follows:

Bidder	Bid Amount (\$)
1. Falcon Fuels, Inc., Paramount, CA	\$1,186,483
2. Merrimac Energy Group, Long Beach, CA	\$1,188,485
3. Mansfield Oil Company of Gainesville, Inc., Gainesville, GA	\$1,189,414
4. TAC Energy, Dallas, TX	\$1,193,239
5. SC Fuels, Orange, CA	\$1,225,421
6. AAA Oil, Inc., Garden Grove, CA	\$1,232,767

The bid results for bulk renewable diesel fuel are as follows:

Bidder	Bid Amount (\$)
1. Falcon Fuels, Inc., Paramount, CA,	\$222,178
2. TAC Energy, Dallas, TX,	\$222,994
3. SC Fuels, Orange, CA	\$223,061
4. Merrimac Energy Group, Long Beach, CA,	\$225,660
5. AAA Oil, Inc., Garden Grove, CA	\$229,670

The bid proposals for each fuel type were separately evaluated by BSFMD staff. Falcon Fuels, was found to be the lowest responsive and responsible bidder for both fuel types. The City has previously done business with Falcon Fuels, Inc. issuing purchase orders and contracts totaling approximately \$10,234,831 since Fiscal Year 2016.

Since Falcon Fuels, Inc. is the lowest responsive and responsible bidder for both fuel types, staff recommends that this vendor be awarded a three-year contract term with an option for two one-year extension periods, renewable at the discretion of the City Manager.

The proposed contract with Falcon Fuels follows:

	Year 1 to 3	Year 4 Optional 1 st Extension	Year 5 Optional 2 nd Extension
Base Bid	\$4,609,000	\$1,537,000	\$1,537,000
Contingency Allowance	<u>\$ 512,000</u>	<u>\$ 170,000</u>	<u>\$ 170,000</u>
	\$5,121,000	\$1,707,000	\$1,707,000
		TOTAL	\$8,535,000

The contingency allowance is to address any commodity price index fluctuation during the life of the contract.

COUNCIL POLICY CONSIDERATION:

This contract supports the City Council's goals to maintain fiscal responsibility and stability; to increase conservation and sustainability; and to ensure public safety.

ENVIRONMENTAL IMPACT:

The action proposed herein is not subject to CEQA in accordance with Section 21065 of CEQA and STATE CEQA Guidelines Sections 15060 (c) (2), 15060 (c) (3), and 15378. The authorization of the proposed contracts, which provides for the purchasing of unleaded gasoline and renewable diesel fuel, is a continuing administrative and maintenance activity (i.e., purchasing of supplies). Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section

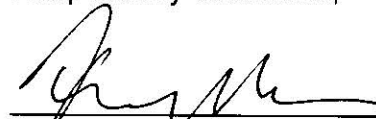
15378 of the State CEQA Guidelines. Because the action is not subject to CEQA, no environmental document is required.

This purchase complies with all South Coast Air Quality Management District (SCAQMD) rules and regulations.

FISCAL IMPACT:

The cost of this contract is \$5,121,000 and the total cost of this action is \$8,535,000. Funding will be addressed by the utilization of existing budgeted appropriations from the Fleet Maintenance Fund budget account (51122058-813700). There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



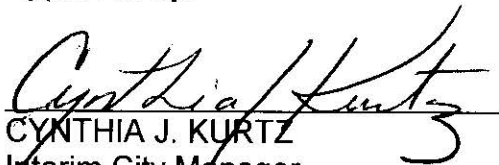
TONY OLMOS, P.E.
Director of Public Works

Prepared by:



for Mark McCullough
Public Works Administrator BSFMD

Approved by:



CYNTHIA J. KURTZ
Interim City Manager