



Office of the City Manager

CONSENT CALENDAR
September 14, 2021

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Liam Garland, Director, Public Works
Subject: Purchase Orders Extension: Diesel Direct West, Inc. for Fuel for City Vehicles and Equipment

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to amend the multi-year purchase orders with Diesel Direct West, Inc. for fuel for City vehicles and equipment, increasing the combined amount by \$1,400,000 for a total amount not to exceed \$8,844,000, and extending the term through June 30, 2022 or until authorized funds are exhausted.

FISCAL IMPACTS OF RECOMMENDATION

Funds to pay for continued fuel purchases in FY22 are available in the Equipment Maintenance Fund (Fund 672) and Fire Department (General Fund 011).

Original Authorized NTE Amount.....	\$7,444,000
<u>12 Month Extension Amount.....</u>	<u>\$1,400,000</u>
POs Amended NTE Amount	\$8,844,000

CURRENT SITUATION AND ITS EFFECTS

Fuel is purchased by Public Works Equipment Maintenance Division for use by City vehicles and equipment including emergency generators, and by Fire Department for fuel at City Fire Stations.

The amount expended to date is \$7,172,681.58 leaving \$271,318.42 remaining in authorization.

Purchasing anticipates issuing an Invitation to Bid (IFB) and having a new multi-year purchase order approved by City Council prior to the new Fiscal Year.

BACKGROUND

On June 18, 2020 the City Manager signed an Extension to Term of Contract extending the multi-year purchase order authorization term with Diesel Direct West, Inc. from June 30, 2020 to June 30, 2021 and again to extend the term through September 30, 2021. It had been anticipated that a new IFB would be released, but due to the impacts of the COVID-19 pandemic, staff has been unable to release a new IFB.

In 2018 Diesel Direct West, Inc. notified the City of Berkley that they had acquired Golden Gate Petroleum's fuel delivery business and will continue to offer the City the same in terms of pricing, delivery and schedule.

On January 26, 2016 City Council approved, Resolution 67,363-N.S. for multi-year purchase orders with Golden Gate Petroleum for fuel for City vehicles and equipment in the amount not to exceed \$820,000 for remaining FY2016 and \$6,624,000 for the next four fiscal years (FY2017 through FY2020) for a total not to exceed \$7,444,000.

On October 16, 2015, Public Works released an Invitation for Bid Specification No. 16-10979-C for Fuels, Oils and Lubricants. The solicitation purpose was for the City of Berkeley to award a four (4) year contract with three (2) year options to extend the contract for a total maximum period of ten years. The solicitation was released for approximately twenty-one days. Four bids were received and after review by the Department of Public Works and Finance-General Services it was determined that Golden Gate Petroleum submitted the lowest responsible bid that met the specifications.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The City currently uses a combination of renewable diesel, gasoline, and electricity to power its fleet and equipment. The City has used renewable diesel exclusively for diesel vehicles and equipment since 2016. The City is transitioning gasoline vehicles to electric and needs to continue to purchase fuel in the transition period from gas to electric. The overall annual consumption of gasoline by City vehicles and equipment has declined from 226,560 gallons in 2001 to in 150,171 in 2020. The Municipal Fleet Electrification Assessment proposed to install 51 charging stations with 100 chargers and upgrade all 129 vehicles in the light duty fleet to EV by 2030. To date, PW has installed 31 charging stations and 61 chargers. In the next two years, another five charger installations are planned primarily for installations at the Corporation Yard. In 2020, the fleet included 46 hybrids and 15 plug in hybrid-electric vehicles. Since then, the fleet has added 6 EV sedans, 11 hybrid SUVs for the Police Department (PD), and 4 hybrid pickup trucks. In the next FY, the City will add another 11 EV sedans. Public Works is on track to complete conversion of sedans and SUVs to EVs by 2028, two years ahead of the assessment's schedule.

RATIONALE FOR RECOMMENDATION

This extension is needed out of administrative urgency. With the existing purchase orders and fuel market volatility, staff finds extension of the current POs to be prudent and cost effective.

ALTERNATIVE ACTIONS CONSIDERED

Buy fuel on the open market without indexed price or cost savings from volume considerations.

CONTACT PERSON

Purchase Orders Extension: Diesel Direct, Inc.
for Fuel City Vehicles and Equipment

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Greg Ellington, Equipment Superintendent, 981-6469

RESOLUTION NO. ##,###-N.S.

PURCHASE ORDERS EXTENSION: DIESEL DIRECT, INC. FOR FUEL FOR CITY
VEHICLES AND EQUIPMENT

WHEREAS, fuel is needed for purchase by Public Works Equipment Maintenance for use by City vehicles and equipment including emergency generators, and by the Fire Department for fuel at City fire stations; and

WHEREAS, additional funding is needed to be added to the existing purchase order to allow for time to issue a new invitation for bids; and

WHEREAS, funding is available in FY22 in the Equipment Maintenance Fund (Fund 672) and Fire Department (General Fund 011).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a purchase order extension with Diesel Direct, Inc. for fuel for City vehicles and equipment, increasing the combined amount by \$1,400,000 for a total amount not to exceed \$8,844,000, and extending the term 9 months through June 30, 2022 or until authorized funds are exhausted.