

March 7, 2023

**R-20**

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach

California

**RECOMMENDATION:**

Adopt Specifications No. ITB FM 23-183 and award contracts to Merrimac Petroleum dba Merrimac Energy Group of Long Beach, CA, Falcon Fuels, Inc., of Paramount, CA, and Pinnacle Petroleum Inc., of Huntington Beach, CA, for the purchase and delivery of petroleum fuels, in an annual aggregate amount of \$4,500,000, and authorize a 15 percent contingency of \$675,000, for a total annual aggregate amount not to exceed \$5,175,000, for a period of two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into contracts, including any necessary subsequent amendments; and,

Increase appropriation in the Fleet Services Fund Group in the Financial Management Department by \$907,000, offset by funds available generated by revenue collected from user departments through the Fleet Memorandum of Understanding (MOU). (Citywide)

**DISCUSSION**

City Council approval is requested to enter into contracts with Merrimac Petroleum dba Merrimac Energy Group, Falcon Fuels Inc., and Pinnacle Petroleum, Inc., for the purchase and delivery of petroleum fuels. These fuels include unleaded gasoline and renewable diesel fuel to support vehicles and equipment in performing Department operations. Utilizing multiple vendors enables the Fleet Services Bureau in the Department of Financial Management to obtain needed petroleum fuels quickly and minimize downtime for vehicles and equipment used in essential operations. Petroleum fuels are used to power the City of Long Beach (City) fleet which includes emergency response and other vehicle types as well as marine vessels and helicopters. Annual costs are based on current expenditures, predicted future fuel use, and the U.S. Energy Information Administration website projections for petroleum fuels in the West Coast distribution region.

In 2022, the City purchased 682,643 gallons of unleaded fuel, 177,767 gallons of renewable diesel fuel and 45,610 gallons of jet fuel. In 2022, more than 55 percent of the total fuel used was renewable (either diesel or natural gas) as opposed to conventional, fossil fuel petroleum. The total cost of unleaded and renewable diesel fuel purchases were \$4,056,650. Fleet staff analyzed costs and expenditures for the last fiscal year and

project the requested \$4,500,000 annual spending authority will be sufficient to meet the City's petroleum fuels purchasing needs.

A total of 57 percent of the City's fleet vehicles use alternative fuel and more are being introduced each year. Despite reductions in petroleum fuel consumption, petroleum fuels are still needed for use in certain motorized vehicles, helicopters, generators, and other emergency equipment until alternatively fueled counterparts become available. The City currently operates 17 fuel sites storing and/or dispensing renewable diesel and unleaded gasoline.

The bid was advertised in the Long Beach Press-Telegram on November 1, 2022, and 55 potential bidders specializing in transportation, automotive parts, and services were notified of the bid opportunity. Of those bidders, 13 downloaded the bid via the City's electronic bid system. The bid document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at [www.longbeach.gov/purchasing](http://www.longbeach.gov/purchasing). A bid announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 42 local, minority-owned, and women-owned business groups. There were six bids received on December 15, 2022. Of those six bidders, two were Minority-owned Business Enterprises (MBEs), two were Women-owned Business Enterprises (WBEs), none were certified Small Business Enterprises (SBEs), and one was a Long Beach vendor (Local).

Merrimac Petroleum dba Merrimac Energy Group of Long Beach, CA (a Local and WBE, not an MBE or SBE), Falcon Fuels, Inc., of Paramount, CA (not an MBE, SBE, WBE, or Local), and Pinnacle Petroleum, Inc., of Huntington Beach, CA (a WBE, not an MBE, SBE, or Local), were the lowest responsible bidders.

### **Local Business Outreach**

To align with the City's outreach goal, Long Beach businesses are encouraged to submit bids for City contracts. The Purchasing Division also assists businesses with registering on the Long Beach Buys database to download bid specifications. Through outreach, 43 Long Beach vendors were notified to submit bids, and 4 Long Beach vendors downloaded or submitted a bid. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Anita Lakhani and Revenue Management Officer Geraldine Alejo on February 16, 2023, and by Purchasing Agent Michelle Wilson on February 9, 2023.

### **SUSTAINABILITY**

The City is a recognized leader in the use of alternative fuels, having been named number two (#2) municipal Green Fleet in the nation by the National Association of Fleet Administrators (NAFA) in 2022. The City is embracing zero-emission vehicles (ZEVs) as quickly as they become available (along with funding and infrastructure support). The fleet

includes 81 ZEVs (including its first EV pickup) and 90 plug-in hybrids. To date, 97 charge ports for electric vehicles have been installed for dedicated City use and another 200 are planned.

The City's journey with alternative fuels is reflected in its fuel use. Over 1,600 of the vehicle fleet are alternative fuel/low-emission vehicles (renewable natural gas, hybrid gasoline, renewable diesel, and propane). Of the vehicles in the Fiscal Year 2023 (FY 23) replacement plan, 73 percent will be ZEV/alternative fuel. The City fleet's use of petroleum fuel is steadily decreasing as we move to zero emission options and continue aggressive use of alternative fuels.

All fuels are in compliance with California Air Resources Board and local air quality district regulations.

#### TIMING CONSIDERATIONS

City Council action to adopt Specifications No. ITB FM-23-183 and award contracts concurrently is requested on March 7, 2023, to ensure the contracts are in place expeditiously.


#### FISCAL IMPACT

The total annual aggregate contract amount will not exceed \$5,175,000, including a 15 percent contingency. An appropriation increase of \$907,000 is requested in the Fleet Services Fund Group in the Financial Management Department to support fuel costs under these contracts, offset by charges to departments and collected as part of the Fleet Services Memorandum of Understanding (MOU) billing process. If needed, the Financial Management Department will request subsequent years' appropriation as part of the annual budget process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with current City Council priorities. The award of these contracts will continue to provide support to our local economy by assisting in the preservation of employment for two full-time employees residing in Long Beach.

#### SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA  
CITY MANAGER