



Legislation Details (With Text)

File #: 22-1431 **Version:** 1 **Name:** FM - Contract for purchase of petrolueum fuel

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Title: Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 34597 with Falcon Fuels, of Paramount, CA, and Contract No. 34598 with Merrimac Energy Group, of Long Beach, CA, for purchase and delivery of petroleum fuels, to increase the aggregate contract amount by \$926,000, for a revised aggregate contract amount not to exceed \$24,254,000, and extend the term to March 31, 2023. (Citywide)

Sponsors: Financial Management

Indexes:

Code sections:

Attachments: 1. 120622-R-46sr

Date	Ver.	Action By	Action	Result
12/6/2022	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 34597 with Falcon Fuels, of Paramount, CA, and Contract No. 34598 with Merrimac Energy Group, of Long Beach, CA, for purchase and delivery of petroleum fuels, to increase the aggregate contract amount by \$926,000, for a revised aggregate contract amount not to exceed \$24,254,000, and extend the term to March 31, 2023. (Citywide)

City Council approval is requested to amend Contract No. 34597 with Falcon Fuels and Contract No. 34598 with Merrimac Energy Group, to continue the furnishing and delivery of petroleum fuels. These fuels include unleaded gasoline, renewable diesel fuel, and jet fuel that support vehicles and equipment performing department operations throughout the City of Long Beach (City). Petroleum fuels are used to power the City fleet which includes emergency response and other vehicle types as well as marine vessels and helicopters. These amendments will add funds and extend the term of the contracts for an additional two months.

The original fuel contracts were approved by City Council on April 18, 2017, for three years, with two additional one-year renewals. On December 11, 2018, the City Council approved an amendment to add \$1,150,000 annually for a total annual amount not to exceed \$4,150,000. On April 19, 2022, an amendment was approved by the City Council to add funds of \$2,300,000 and to extend the contracts to October 31, 2022, to allow for time for new fuel contracts to be established.

On September 13, 2022, another amendment was approved by the City Council to add funds of \$1,428,000 and to extend the contracts to January 31, 2023. However, due to staff error,

the total aggregate contract amount approved by the City Council did not accurately reflect the aggregate spending necessary to execute the contract. Inclusive of this recommendation, total aggregate contract authority in the amount of \$24,254,000 is necessary to cover the full contract term through an extended date of March 31, 2023, by which time new fuel contracts should be in place.

A new bid for petroleum fuels, advertised on February 24, 2022, was extended multiple times to post and answer bidder questions and closed on May 12, 2022. After review of the bid submittals and bidder protests, the Purchasing Division determined that the original bid solicitation did not specify the City's requirements in sufficiently rigorous detail. The bid document has been updated with revised bid specifications to ensure bid responses accurately reflect the cost of services provided and ensure uniform submittals from prospective vendors. The revised bid has been re-advertised and results are pending.

An amendment to the revised contract amount is needed at this time to ensure that petroleum fuels are available for all fleet vehicles and equipment, including emergency responders, while the bid advertisement period, evaluation, City Council authorization and new contract execution processes are completed.

This matter was reviewed by Deputy City Attorney Anita Lakhani on November 3, 2022, Purchasing Agent Michelle Wilson on November 4, 2022, and by Revenue Management Officer Geraldine Alejo on November 10, 2022.

SUSTAINABILITY

The City is a recognized leader in the use of alternative fuels in its fleet and is embracing zero-emission vehicles (ZEV) as quickly as they become available (along with funding and infrastructure support). The fleet includes 77 ZEVs (including its first EV pickup) and 78 plug-in hybrids. To date, 97 charge ports for electric vehicles have been installed and another 200 are in planning.

For alternative fuels, 51 percent of the City's 1,600 vehicles are alternative fuel/low-emission vehicles (renewable natural gas, hybrid gasoline, renewable diesel, and propane). The Fiscal Year 2023 FY 23) vehicle replacement plan is 73 percent ZEV/alternative fuel and of all fuel used in FY 22, 54 percent is estimated to have been renewable. Petroleum fuel use is steadily decreasing in the fleet as we move to zero emissions and continue aggressive use of alternative fuels, however, certain vehicle types are still only available as petroleum-fueled.

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

City Council action to amend Contract Nos. 34597 34598, with Falcon Fuels and Merrimac Energy Group, respectively, is requested on December 6, 2022, to ensure there is no interruption to services.

The requested amendment will increase the aggregate contract amount with Falcon Fuels and Merrimac Energy by \$926,000 for a revised total aggregate contract amount not to exceed \$24,254,000. The increase will provide contract authority necessary to meet the City's fueling needs until new contracts are established. Sufficient appropriation is budgeted in the Fleet Services Fund Group in the Financial Management Department. The cost is offset by charges to departments and collected as part of the Fleet Services Memorandum of Understanding (MOU) billing process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with current City Council priorities. Amendment of these contracts will continue to provide support to our local economy by assisting in the preservation of employment for four full-time employees residing in Long Beach.

Approve recommendation.

KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER