

September 13, 2022

R-19

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach

California

RECOMMENDATION:

Authorize the 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 \$1,428,000, for a revised contract amount not to exceed \$15,028,000, and extend the term to January 31, 2023. (Citywide)

DISCUSSION

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 delivering 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 three months.

On December 11, 2018, the City Council approved an amendment to add \$1,150,000 annually for a total annual aggregate amount not to exceed \$4,150,000, and an aggregate contract award total not to exceed \$11,300,000.

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.

A 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 will be re-advertised. It is likely that no new contracts will be completed and awarded before the current contracts expire on October 31, 2022.

An amendment and additional funds are 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 and Revenue Management Officer Geraldine Alejo on August 25, 2022 and by Purchasing Agent Michelle Wilson on August 29, 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% of the City's 1,600 vehicles are alternative fuel/low-emission vehicles (renewable natural gas, hybrid gasoline, renewable diesel, and propane). The FY23 vehicle replacement plan is 73% ZEV/alternative fuel and of all fuel used in FY22, 54% is projected to be 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.

TIMING CONSIDERATIONS

City Council action to amend Contract No. 34597 and Contract No. 34598, with Falcon Fuels and Merrimac Energy Group, respectively, is requested on September 13, 2022, to ensure there is no interruption to services.

FISCAL IMPACT

The requested amendment will increase the aggregate contract amount with Falcon Fuels and Merrimac Energy by \$1,428,000 to cover the extended contract term, for a revised total aggregate contract amount not to exceed \$15,028,000. 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.

SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



KEVIN RIPER

DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER