



Agenda Report

21-206

Agenda Date: 3/9/2021

REPORT TO COUNCIL

SUBJECT

Action on the Award of Purchase Orders with Valley Oil and Western States Oil Company for the purchase of Gasoline and Diesel Fuel

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The Department of Public Works (DPW) Fleet Management Division purchases unleaded and renewable diesel fuel to power over 600 City assets. In 2020, the Division purchased approximately 203,000 gallons of unleaded fuel and 72,000 gallons of diesel fuel totaling approximately \$900,000.

DISCUSSION

The City currently purchases fuel by piggybacking on the County of Santa Clara's (County) fuel purchase agreements. In September 2020, the County established a shortlist of qualified fuel providers through a competitive Request for Qualifications process; in December 2020 they conducted a competitive process for unleaded and diesel fuel resulting in the selection of Western States Oil Company and Valley Oil. The County executed fuel purchase agreements with these two firms in January 2021. The initial term of the agreements is three years, with options to award two one-year extensions for a total term of five years.

Staff recommends issuing purchase orders to Western States Oil Company and Valley Oil in accordance with the County's procurement process. The purchase orders shall be coterminous with the County's fuel purchase agreements. It is anticipated that the City will spend approximately \$1,000,000 annually on fuel over the next five years, however this estimate includes a projected decline in usage as more electric vehicles are added to the fleet and increased fuel costs over time.

This procurement is pursuant to Section 2.105.290(b)(3) of the Santa Clara Code which states the City is not required to conduct its own competitive procurement process for "Direct purchases from vendors on terms obtained pursuant to formal bidding processes that name the City either specifically or categorically as a third party beneficiary of the bidding process or in the case where the vendor agrees to extend such participation to the City."

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(2) as it is continuing administrative and maintenance activities including the purchase of supplies.

FISCAL IMPACT

The FY 2020/21 Operating Budget for fuel purchases is \$918,000 in the Fleet Operations Fund. Funding for future years will be incorporated into the budget development process.

COORDINATION

This report has been coordinated with Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Authorize the City Manager to execute purchase orders for gasoline and diesel fuel with Valley Oil and Western States Oil Company pursuant to the County of Santa Clara's cooperative fuel agreements, for a term ending on or around January 11, 2026 and subject to the annual appropriation of funds.

Reviewed by: Craig Mobeck, Director of Public Works

Approved by: Deanna J. Santana, City Manager