

REQUEST FOR CITY COUNCIL ACTION

DATE: 10/06/2021

TO: Honorable Mayor and City Council Members

FROM: Public Works Department

SUBJECT:

Increase and Extend the Purchase Order for Fueling Services to Downs Energy and SC Fuels through March 30, 2022.

EXECUTIVE SUMMARY:

The City Council had previously approved contracts with Downs Energy and SC Fuels for the purchase of fuel for the City. The contract expired on September 30, 2021. The Public Works Department requests extensions to these agreements be awarded to Downs Energy and SC Fuels in the amount of \$655,000 each through March 30, 2022.

RECOMMENDED ACTION:

That the City Council:

- a. Authorize the Purchasing Manager to increase and extend a purchase order to Downs Energy of Corona, California, in the amount of \$500,000 through March 30, 2022.
- b. Authorize the Purchasing Manager to increase and extend a purchase order to SC Fuels of Orange, California, in the amount of \$500,000 through March 30, 2022.
- c. Make a determination under Corona Municipal Code 3.08.140(C) that competitive bidding is has been satisfied for these purchases based upon the reasons provided in the "Basis for Determination of Competitive Bidding" section of this agenda report.

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BACKGROUND & HISTORY:

The City's Fleet Services Division under the Public Works Department is responsible for maintaining adequate fuel levels for the four fuel tanks located throughout the City. At the City's Corporation Yard, there is one (1) 20,000-gallon unleaded fuel tank and two (2) 10,000 diesel fuel tanks. At Fire Station #1, there is one (1) 1,000-gallon diesel fuel tank. The tank levels at the Corporation Yard are monitored daily by Fleet Services Division staff, with field deliveries coordinated for each location on an as-needed basis.

For the Corporation Yard, unleaded fuel orders are requested every two to three weeks, while diesel deliveries occur every few months. Deliveries generally occur every other week.

Prior to Fiscal Year 2019, the Fleet Services Division staff would conduct spot bidding when fuel deliveries were needed. The bidding process was a time-intensive task. In 2011, the County of Riverside had conducted a competitive bidding process and awarded a contract to Downs Energy and SC Fuels (contract ID: RIVCO-40500-00110/12). The agreement between the fuel providers and the County of Riverside expired on September 30, 2021. The established and negotiated pricing structure between the County of Riverside and the fuel vendors is based upon the Oil Price Information Service (OPIS) unbranded rack average, the County's fuel usage, plus a predetermined differential before taxes. The differential amount is a fixed amount based upon freight, and the margins are subject to consumer-price-index (CPI) adjustments. The City's Purchasing Division had consulted with the County of Riverside's Purchasing Department to discuss its cooperative agreement for fuel services. Following these consultations, the City took the following actions:

- At the April 17, 2019, Council Meeting, the City Council approved a contracts with Downs Energy and SC Fuels in the amount of \$700,000 each for both Fiscal Year 2019 and Fiscal Year 2020.
- At the July 1, 2020, Council Meeting, the City Council approved contracts with Downs Energy and SC Fuels in the amount of \$750,000 each for Fiscal Year 2021. In addition, the City Council awarded contracts to Downs Energy and SC Fuels in the amount of \$250,000 for the period of July 2021 through September 2021 to coincide with the termination of the agreement. In both the above cases, the contracts were approved with findings that the Riverside County competitive bidding process had satisfied the City's competitive bidding requirements.

ANALYSIS:

The current contract expired on September 30, 2021. The County of Riverside has noted that they will be issuing a request for purchase (RFP) for a fuel vendor. To accommodate the RFP process, the County of Riverside has processed an amendment to the contract with Downs Energy and SC Fuels to extend the term through March 30, 2022.

The Public Works Department conducted an analysis and determined the average spend on fuel within the last three fiscal years was \$655,000. The Public Works Department requests authorization to continue to work through the County of Riverside Bidding processes pursuant to CMC 3.08.140(C) and award contracts to Downs Energy and SC Fuels in the amount of \$500,000 each through March 30 2022. This will also ensure there is sufficient time to source a fuel vendor for Fiscal Year 2023.

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BASIS FOR DETERMINATION OF COMPETITIVE BIDDING

Staff believes that Competitive Bidding has been accomplished for these purchases pursuant to Corona Municipal Code (CMC) Section 3.08.140(C), which states as follows:

“Competitive bidding already completed. When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determines that:

- (1) A competitive bid procedure has been conducted by another public agency including, but not limited to, another local agency, the state through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), the U.S. Communities Government Purchasing Alliance, or the Western States Contracting Alliance (WSCA); and
- (2) The price to the City is equal to or better than the price to that public agency.”

The use of the fuel agreement with the County of Riverside is of great benefit to the City. Utilizing the agreement eliminates the need for spot bidding, which is a time-intensive task and allows the City to leverage the work done by partner agencies. Partnering on the contract with Riverside County, the City is able to purchase fuel directly from the vendors. If one vendor is not able to deliver fuel, fuel can still be ordered from the other. This will ensure that there is uninterrupted fuel service for the City, and City departments that utilize fuel are able to provide important and essential services, such as public safety. Downs Energy also actively monitoring the tank that is located at Fire Station #1 at no additional cost to the City. Downs Energy will reload the tank when levels are low.

Downs Energy services are not limited to fuel deliveries to the City’s facilities. The City also partners with Downs Energy for the use of card-lock and fuel cards. These services allow City vehicles, including fire apparatus, to purchase fuel directly from Downs Energy sites.

During the extension period, the Public Works Department and the Purchasing Division will evaluate the its contract options and make a recommendation on whether the City will be better served in conducting its own competitive bid process or continue to leverage the County’s contract to ensure that a fuel vendor is in place for Fiscal Year 2023. |

FINANCIAL IMPACT:

Funding for the recommended actions is included in the Fiscal Year 2022 Fleet Operations Fund 682 for vehicles in the motor pool program and in the specific departmental operating budgets for on-account vehicles. |

ENVIRONMENTAL ANALYSIS:

This action is categorically exempt pursuant to Section §15061(b)(3)) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects with have the potential for causing a significant effect on the

environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely increases and extends Purchase Orders for the purchase of fuel. Since there is no possibility that adopting these actions will have a significant effect on the environment, therefore, no environmental analysis is required.]

PREPARED BY: JASON MARCIA, FLEET SERVICES SUPERINTENDENT

REVIEWED BY: SAVAT KHAMPHOU, PUBLIC WORKS DIRECTOR

Attachments:

1. Exhibit 1 - County of Riverside Agreement Contract ID RIVCO-40500-001-1012
2. Exhibit 2 - County of Riverside Agreement Amendment No. 7 SC Fuels
3. Exhibit 3 - County of Riverside Agreement Amendment No. 8 Downs Energy]