



Office of the City Manager

CONSENT CALENDAR  
June 28, 2022

To: Honorable Mayor and Members of the City Council  
From: Dee Williams-Ridley, City Manager  
Submitted by: Liam Garland, Director, Public Works  
Subject: Purchase Order Amendment: Diesel Direct West, Inc. for Fuel for City Vehicles and Equipment

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to amend the multi-year purchase orders with Diesel Direct West, Inc. for fuel for City vehicles and equipment, increasing the combined amount by \$1,900,000 for a total amount not to exceed \$10,744,000, and extending the term through December 31, 2023.

FISCAL IMPACTS OF RECOMMENDATION

Funds to pay for continued fuel purchases in the Equipment Maintenance Fund (Fund 672) and Fire Department (General Fund 011) are subject to Council approval of the FY 2023 Annual Appropriations Ordinance. Individual departments are charged by Equipment Maintenance for actual usage.

Department	Estimated Amount	Equipment Maintenance GL Account
Public Works	\$1,670,000	672-54-626-722-0000-000-473-642130-
Fire	\$230,000	011-72-742-835-0000-000-422-642130-

CURRENT SITUATION AND ITS EFFECTS

Fuel is purchased by Public Works Equipment Maintenance Division for use by the City's vehicles and equipment including emergency generators. The previously approved City Council total not-to-exceed amount with Diesel Direct is nearing the end of its authorized funding limit. To continue the uninterrupted delivery of fuel for the City's fleet, staff recommends the approval of the proposed contract amendment, increasing the total by \$1,900,000 for a not-to-exceed amount of \$10,744,000 and extending the term through December 31, 2023, which is the second of the three 2-year extension options previously authorized.

Public Works Equipment Maintenance Division endeavors to procure the most fuel-efficient vehicles and equipment that are suitable for the required tasks. For every fleet purchase, staff researches the feasibility and availability of fully electric vehicles and hybrid-electric powertrains to support the City's transition from fossil fuels to renewable energy resources. However, for most heavy and medium duty applications that support

Public Works operations and others, staff research finds that there are no viable electric vehicles or equipment for consideration at this time. The current need for conventional and alternative fuel aligns with the 2020 Municipal Fleet Electrification assessment that recognizes the lack of commercially available and viable fully electric medium and heavy-duty vehicles.

This Purchase Order amendment supports the Strategic Plan Priority goal of creating a resilient, safe, connected, and prepared city.

### BACKGROUND

In January, 2016, City Council approved, Resolution 67,363-N.S. for a four (4) year contract with three (2) year options to extend, for a total maximum period of ten years, with Golden Gate Petroleum (now Diesel Direct) for fuel for City vehicles and equipment in the amount not to exceed \$7,444,000.

In 2018 Diesel Direct West, Inc. notified the City of Berkley that the company had acquired Golden Gate Petroleum's fuel delivery business and would continue to offer the City the same in terms of pricing, delivery, and schedule.

The City Manager signed an Extension to Term of Contract extending the multi-year purchase order authorization term with Diesel Direct West, Inc. from June 30, 2020 to June 30, 2021 and again extending the term through September 30, 2021.

Most recently, City Council approved Resolution 70-026 N.S. authorizing the City Manager City Manager to execute a purchase order extension with Diesel Direct, Inc. for fuel for City vehicles and equipment, increasing the combined amount by \$1,400,000 for a total amount not to exceed \$8,844,000, and extending the term through June 30, 2022.

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The City currently uses a combination of renewable diesel, gasoline, and electricity to power its fleet and equipment. The City has used renewable diesel exclusively for diesel vehicles and equipment since 2016. The City is urgently transitioning its light duty fleet to electric but will need to continue to purchase fuel as commercially available and viable fully electric medium and heavy-duty vehicles are not available at this time.

In 2022, the fleet includes 61 Hybrid vehicles. Public Works is on track to complete the conversion of sedans and SUVs to EVs by 2028, two years ahead of the assessment's schedule. In addition, the city fleet has reduced its consumption of traditional gasoline by 37% from a high in 2001.

Additionally, the City is transitioning away from Compressed Natural Gas vehicles to renewable diesel to further reduce the carbon footprint of the City's fleet.

### RATIONALE FOR RECOMMENDATION

With the existing purchase orders and fuel market volatility, backed up by monitoring Oil Pricing Information Service prices, staff finds extension of the current Purchase Orders to be prudent and cost effective. Fuel, primarily renewable diesel, is required for emergency response vehicles, critical equipment, vehicles, and emergency generators.

ALTERNATIVE ACTIONS CONSIDERED

The City can choose to purchase fuel on the open market without indexed price or cost savings from volume considerations. However, this is not recommended since the City will be unable to realize the cost savings.

CONTACT PERSON

Greg Ellington, Equipment Superintendent, Public Works, (510) 981-6469  
Joy Brown, Operations Manager, Public Works, (510) 981-6629  
Andrew Brozyna, Deputy Director, Public Works (510) 981-6396

RESOLUTION NO. ##,###-N.S.

PURCHASE ORDERS EXTENSION: DIESEL DIRECT, INC. FOR FUEL FOR CITY  
VEHICLES AND EQUIPMENT

WHEREAS, fuel is needed for purchase by Public Works Equipment Maintenance for use by City vehicles and equipment including emergency generators, and by the Fire Department for fuel at City fire stations; and

WHEREAS, on January 26, 2016, City Council approved, Resolution 67,363-N.S. for a four (4) year contract with three (2) year options to extend, for a total maximum period of ten years, with Golden Gate Petroleum (now Diesel Direct) for fuel for City vehicles and equipment in the amount not to exceed \$7,444,000; and

WHEREAS, in 2018 Diesel Direct West, Inc. notified the City of Berkley that the company had acquired Golden Gate Petroleum's fuel delivery business and would continue to offer the City the same in terms of pricing, delivery, and schedule; and

WHEREAS, the City Manager signed an Extension to Term of Contract extending the multi-year purchase order authorization term with Diesel Direct West, Inc. from June 30, 2020 to June 30, 2021 and again extending the term through September 30, 2021.

WHEREAS, on September 14, 2021, City Council approved Resolution 70-026 N.S. authorizing the City Manager City Manager to execute a purchase order extension with Diesel Direct, Inc. for fuel for City vehicles and equipment, increasing the combined amount by \$1,400,000 for a total amount not to exceed \$8,844,000, and extending the term through June 30, 2022; and

WHEREAS, funding will be appropriated in the FY 2023 budget in General Fund 011 and Equipment Maintenance Fund 672; and

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a purchase order extension with Diesel Direct, Inc. for fuel for City vehicles and equipment, increasing the combined amount by \$1,900,000 for a total amount not to exceed \$10,744,000, and extending the term December 31, 2023.