



Office of the City Manager

CONSENT CALENDAR  
December 12, 2023

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: LaTanya Bellow, Deputy City Manager; Interim Director, Public Works  
 Subject: Purchase Orders: Pinnacle Petroleum, Inc. and Western States, Inc. for Bulk Renewable Diesel and Gasoline

RECOMMENDATION

Adopt two Resolutions authorizing the City Manager to execute multi-year purchase orders as outlined below through June 30, 2029:

1. Purchase Order with Pinnacle Petroleum to provide fuel for City vehicles and equipment in an amount not to exceed \$8,500,000 for the next four fiscal years (FY 2025 through FY 2029).
2. Purchase Order with Western States, Inc. to provide fuel for City vehicles and equipment in an amount not to exceed \$2,000,000 for the next four fiscal years (FY 2025 through FY 2029).

FISCAL IMPACTS OF RECOMMENDATION

Funding is available in the FY2024 baseline budget in the Equipment Maintenance Fund (Fund 672) in the amount of \$400,000 and Fire Fund (Fund 011) in the amount of \$145,000. Additional funding will be requested as part of the Second Amendment to the FY 2024 Annual Appropriations Ordinance.

Funds for the next four years (FY25-FY29) in the amount of \$8,855,000 will be appropriated as part of the Annual Appropriations Ordinance in the Equipment Maintenance Fund and Fire Fund.

CURRENT SITUATION AND ITS EFFECTS

Fuel is purchased by Public Works Equipment Maintenance Division for use by City vehicles and equipment, including emergency generators, and by the Fire Department for fuel at the City located Fire stations.

On July 18, 2023, Public Works released an Invitation for Bids Specification No. 23-11579-C for Bulk Renewable Diesel and Gasoline. The solicitation was released for approximately sixty-six days including the day of the bid opening. Four bids were received and after review by the Department of Public Works and Finance-General

Services Pinnacle Petroleum, Inc. was determined to be the lowest responsible bidder that met the specifications based on a fixed rate discount (-) \$0.0127 for unleaded gasoline, and \$0.0654 for renewable diesel over the published San Francisco Oil Price Information Services (OPIS).

Public Works recommends selecting an alternate Fuel Service Provider in case of emergency or unforeseen circumstances whereby primary provider (Pinnacle Petroleum, Inc.). Western States Petroleum Oil, Inc was the second responsive bid that meets the specification based on fixed rate price \$0.1500 for unleaded gasoline, and \$0.0400 for renewable diesel, both above the published San Francisco OPIS.

These purchase orders support the Strategic Plan Priority goal of creating a resilient, safe, connected, and prepared city.

### BACKGROUND

In October 1981, Council adopted Resolution No. 50,961-N.S. authorizing the City to buy fuel on the open market. Because the Resolution did not have a not to exceed amount, the purchases on the open market were made without any price analysis. Due to fluctuations in fuel prices, it has not been possible to obtain a long-term bid.

The OPIS is available which indexes oil prices and provides cities with an average cost of fuel on a weekly basis. Bidders can then bid on a fixed price or percentage either over or under the weekly basis what the price of fuel in the San Francisco area is and by applying the bidders offer to be able to monitor prices being charged, and manager expenditures for this commodity.

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Fuel purchased from Pinnacle Petroleum Inc, and Western States includes San Francisco ultra-low sulfur renewable diesel and CARB regulated unleaded fuel formulated with 10% Ethanol and Cap-At-The-Rack (CAR) added.

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. Additionally, the City Fleet has decreased its consumption of gasoline by 38% since 2001, and will continue to decrease as the fleet converts to electric. Public Works will also be performing a Fleet Right-Sizing Assessment to look for additional opportunities to reduce fuel usage and the overall number of vehicles in the fleet.

Public Works is on track to complete the conversion of the light-duty fleet to EVs by 2028, two years ahead of the assessment's schedule. Additionally, funding was allocated to the Public Works Capital Improvement Fund to construct charging infrastructure for the Corporation Yard. This project is currently in contracting phase with

anticipated construction beginning in early 2024. 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

Based on the results of bid specification number 23-11579-C, the Department of Public works along with Finance-General Services is confident that the City obtained the best pricing available for fuel and has done so in a competitive market. With the availability of the OPIS Price Index, fuel prices will be monitored and the City will know exactly what prices will be on a weekly basis.

ALTERNATIVE ACTIONS CONSIDERED

City will continue to purchase fuel on the open market with reference to a set weekly price.

CONTACT PERSON

Greg Ellington, Superintendent, Department of Public Works (510) 981-6469  
Joy Brown, Operations Manager, Department of Public Works (510) 981-6629  
Sherri Degnan, Senior Buyer, Department of Finance (510) 981-7313

Attachments:

- 1: Resolution: Purchase Order Pinnacle Petroleum, Inc.
- 2: Resolution: Purchase Order Western States, Inc.

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

PURCHASE ORDER: PINNACLE PETROLEUM, INC. FOR BULK RENEWABLE  
DIESEL AND GASOLINE

WHEREAS, fuel is needed for purchase by the Department of Public Works Equipment Maintenance Division for use for city vehicles and equipment including emergency generators for the Fire Department; and

WHEREAS, on October 6, 1981 by Resolution No. 50,961-N.SL, the City Council authorized the purchase of fuel on the open market; and

WHEREAS, on July 18, 2023 the Department of Public Works issued an Invitation for Bids for Bulk Renewable Diesel and Gasoline. The solicitation was released for approximately sixty-six days including the day of the bid opening, and four bids were received; and

WHEREAS, Public Works and Finance-General Services determined that Pinnacle Petroleum, Inc. submitted the lowest responsible bid that met the specifications; and

WHEREAS, funding for the fuel purchases in remainder of FY 2024 is provided in the baseline budgets in Equipment Maintenance Fund 672 and Fire Fund 011; and

WHEREAS, future funding required for the next four years (FY 2025-FY 2029) will be appropriated in the Equipment Maintenance and Fire Funds.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute multi-year purchase orders with Pinnacle Petroleum, Inc. to provide fuel delivery services for City vehicles and equipment including emergency generators in an amount not to exceed \$8,500,000 through June 30, 2029.

December 12, 2023

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

PURCHASE ORDER: WESTERN STATES, INC. FOR BULK RENEWABLE DIESEL  
AND GASOLINE

WHEREAS, fuel is needed for purchase by the Department of Public Works Equipment Maintenance Division for use for city vehicles and equipment including emergency generators for the Fire Department; and

WHEREAS, on October 6, 1981 by Resolution No. 50,961-N.SL, the City Council authorized the purchase of fuel on the open market; and

WHEREAS, on July 18, 2023 the Department of Public Works issued an Invitation for Bids for Bulk Renewable Diesel and Gasoline. The solicitation was released for approximately sixty-six days including the day of the bid opening, and four bids were received; and

WHEREAS, Public Works and Finance-General Services determined that Western States, Inc. submitted the second lowest responsible bid that met the specifications; and

WHEREAS, Public Works is selecting two vendors to provide fuel to the City in case of emergencies, and

WHEREAS, funding for the fuel purchases in remainder of FY 2024 is provided in the baseline budgets in Equipment Maintenance Fund 672 and Fire Fund 011; and

WHEREAS, future funding required for the next four years (FY 2025-FY 2029) will be appropriated in the Equipment Maintenance and Fire Funds.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute multi-year purchase orders with Western States, Inc. to provide fuel delivery services for City vehicles and equipment including emergency generators in an amount not to exceed \$2,000,000 through June 30, 2029.

