

INTER OFFICE MEMO

To: Board of Directors

Date: February 8, 2017

From: J. Scott Mitchell
Director of Maintenance

Reviewed by:

SUBJECT: Fuel Bid and Contract

BACKGROUND:

Central Contra Costa Transit Authority (County Connection), as a participant in the Regional Transit Coordinating Council (RTCC), has acted as the lead agency in the procurement of bids for the furnishing and delivery of ultra-low sulfur diesel fuel, biodiesel, renewable diesel, and unleaded gasolines to the participating transit properties and other governmental agencies. It was the responsibility of County Connection to develop a comprehensive bid document for the solicitation of these products and to receive bids from prospective suppliers. The following agencies participated in the bid:

City of Davis
City of Fairfield
Eastern Contra Costa Transit Authority (ECCTA) Tri Delta Transit
Monterey-Salinas Transit
San Joaquin Regional Transit District
Santa Clara Valley Transportation Authority
Santa Cruz Metropolitan Transit District
Solano County Transit

SUMMARY OF ISSUES:

County Connection issued an Invitation for Bids on November 7, 2016. The Invitation for Bids was posted on the County Connection website and advertised in the public press per County Connection Procurement Manual guidelines. Bids were received until 2:00 p.m. December 5, 2016, at which time the bids were publicly opened and read. A subsequent analysis was performed by County Connection staff, and the lowest responsive, responsible bidder was determined for County Connection. A compilation of all bids received for County Connection is attached.

The analysis determined that Pinnacle Petroleum is the lowest responsible, responsive bidder for furnishing and delivering ultra-low sulfur diesel fuel to County Connection. The low bid was determined by a comparison of the anticipated total value of the contract for a three year period based on a fixed add/deduct amount applied to the Oil Price Information Service (OPIS) price for ultra-low sulfur diesel fuel for the week of November 28, 2016, times the anticipated volume of diesel fuel to be supplied. The weekly pricing for diesel fuel to County Connection by Pinnacle Petroleum will be the current week OPIS price index minus the deduct amount of .0439 cents per gallon plus applicable taxes.

“This contract will allow County Connection to purchase renewable diesel if and when it is economically feasible or when required by regulation.”

OPTION 1:

That the County Connection Board of Directors award the Ultra-Low Sulfur Diesel Fuel Contract to Pinnacle Petroleum.

FINANCIAL IMPLICATIONS:

\$3,476,970 over three (3) years, if fuel prices remain steady and consumption of diesel fuel remains at the current level.

OPTION 2:

County Connection has the option to purchase ultra-low sulfur diesel fuel off of the spot market on a weekly basis.

FINANCIAL IMPLICATIONS: The price of ultra-low sulfur diesel fuel purchased on the spot market will probably be greater than the bid price of the OPIS price index minus .0439 cents per gallon because we would be purchasing fuel from different companies in smaller quantities.

RECOMMENDATIONS: The O&S Committee recommend to the Board of Directors the award of the Ultra-Low Sulfur Diesel Fuel Contract to Pinnacle Petroleum.

ACTION REQUESTED: The O&S Committee recommend that the Board of Directors at its February 16, 2017, meeting, adopt a Resolution authorizing the General Manager to award a contract by County Connection to Pinnacle Petroleum for an initial term of three (3) years with the option for two (2) one (1) year extensions for the supply of ultra-low sulfur diesel fuel to County Connection.

ATTACHMENT: A compilation of bids received for County Connection is attached.

