

INTER OFFICE MEMO

To: O&S Committee

Date: March 1, 2018

From: J. Scott Mitchell
Chief Operating Officer

Reviewed by: *RM*

SUBJECT: Fuel Bid and Contract - Cancellation of Contract with Pinnacle Petroleum

BACKGROUND:

Central Contra Costa Transit Authority (County Connection), as a participant in the Regional Transit Coordinating Council (RTCC), had 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 analysis determined that Pinnacle Petroleum was the lowest responsible, responsive bidder. A compilation of bids received for County Connection is attached.

SUMMARY OF ISSUES:

On January 10, 2018, Pinnacle Petroleum opted not to honor the prices and terms of our Contract. The next responsible bidder was Mansfield Oil. Staff contacted Mansfield Oil and they are willing to honor the pricing and terms of their bid.

OPTION 1:

Terminate the Contract with Pinnacle Petroleum. Authorize the General Manager to enter into a Contract with Mansfield Oil.

FINANCIAL IMPLICATIONS: Over two (2) years, the increased cost for County Connection would be \$43,466.

OPTION 2:

Purchase fuel off of the spot market.

FINANCIAL IMPLICATIONS: The price of renewable ultra-low sulfur diesel fuel purchased on the spot market will probably be greater than the bid price of the OPIS price index minus .0104 cents per gallon because we would be purchasing fuel from different companies in smaller quantities.

OPTION 3:

Go back out to bid.

RECOMMENDATIONS:

Staff recommends that the O&S Committee recommend terminating the Contract with Pinnacle Petroleum. Staff recommends that the O&S Committee recommend award of the Renewable Ultra-Low Sulfur Diesel Fuel Contract to Mansfield Oil.

ACTION REQUESTED:

The O&S Committee recommend to the Board of Directors at its March 15, 2018, meeting, the award of a contract by County Connection to Mansfield Oil for an initial term of two (2) years with the option for two (2) one (1) year extensions for the supply of renewable ultra-low sulfur diesel fuel to County Connection.

ATTACHMENT:

A compilation of bids received for County Connection is attached.

