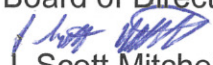


To: Board of Directors  
From:  J. Scott Mitchell  
Chief Operating Officer

Date: March 9, 2018

Reviewed by:

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

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**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:** The O&S Committee recommend that the Board of Directors authorize the General Manager to terminate the Contract with Pinnacle Petroleum. The O&S Committee recommend that the Board of Directors authorize the General Manager to award the Renewable Ultra-Low Sulfur Diesel Fuel Contract to Mansfield Oil.

**ACTION REQUESTED:** The O&S Committee recommend that the Board of Directors at its March 15, 2018, meeting, adopt a Resolution authorizing the General Manager to award 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.



**RESOLUTION NO. 2018-015**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
BOARD OF DIRECTORS**

**TERMINATING THE CONTRACT FOR ULTRA-LOW SULFUR DIESEL FUEL  
WITH PINNACLE PETROLEUM AND AWARDED A CONTRACT TO  
MANSFIELD OIL COMPANY OF GAINESVILLE, INC.**

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (hereinafter “Member Jurisdictions”) have formed the Central Contra Costa Transit Authority (“County Connection”), a joint exercise of powers agency created under California Government Code Section 6500 *et seq.*, for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions;

WHEREAS, the Central Contra Costa Transit Authority (County Connection), as a participant in the Regional Transit Coordinating Council (RTCC), acted as the lead agency in the procurement of competitive bids for the furnishing and delivery of ultra-low sulfur diesel fuel, biodiesel, renewable diesel, and unleaded gasolines for participating transit properties and other governmental agencies;

WHEREAS, pursuant to Resolution No. 2017-02, County Connection awarded a contract to Pinnacle Petroleum, the lowest bidder, for a three (3) year base term, with the option for two (2) one (1) year extensions;

WHEREAS, due to numerous issues with Pinnacle Petroleum's contract performance, staff recommends that the contract with Pinnacle Petroleum be terminated by providing notice of default to the contractor, as permitted in the contract;

WHEREAS, the second lowest bidder, Mansfield Oil Company of Gainesville, Inc., agrees to conform to all the existing contract requirements at its bid prices for the remainder of the three-year base term and options terms, if exercised; and

WHEREAS, the Operations & Scheduling Committee recommends that the Board of Directors authorize staff to terminate the Pinnacle contract and award the Ultra-Low Sulfur Diesel Fuel Contract to Mansfield Oil Company of Gainesville, Inc. for the remainder of the base term of three (3) years, at an estimated cost of \$2,104,798, which estimate is based on the Oil Price Information Service (OPIS) price, the weekly price (inclusive of Mansfield's fixed addition over said price) multiplied by the anticipated

volume of fuel to be purchased by County Connection with the option for two (2) one (1) year extensions to be exercised in the discretion of County Connection.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Central Contra Costa Transit Authority hereby authorizes staff to terminate the Pinnacle contract and awards the Ultra-Low Sulfur Diesel Fuel Contract to Mansfield for the remainder of a three (3) year base term, at an estimated cost of \$2,104,798, with the option for two (2) one (1) year extensions, to be exercised in the discretion of County Connection, all in accordance with the contract documents and approved by Legal Counsel; and

BE IT FURTHER RESOLVED that the General Manager is hereby authorized to exercise the two (2) one (1) year option terms, if it is in the best interest of County Connection, at an estimated cost of \$1,095,865 per option year, with the understanding that the actual amounts will depend upon the OPIS prices during said option terms.

Regularly passed and adopted this 15th day of March, 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Robert Schroder, Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Lathina Hill, Clerk to the Board