



# STAFF REPORT

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July 20, 2022  
File Number 0600-10

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## **SUBJECT**

### **AWARD PURCHASE OF FUELS FOR FISCAL YEAR 2023**

## **DEPARTMENT**

Public Works Department, Fleet Services

## **RECOMMENDATION**

Request the City Council adopt Resolution No. 2022-67, approving the purchase of unleaded gasoline and diesel fuel from SC Fuels, Inc. in the amount of \$1,200,000 utilizing a 5-year Cooperative Purchase Agreement between the City of San Diego and SC Fuels, RFP No. 10089315-18-K, pursuant to Escondido Municipal Code Chapter 10, Article 5, Section 10-91.

Staff Recommendation: Approval (Public Works, Fleet Services: Joseph Goulart, Director of Public Works)

Presenter: Jeramiah Jennings, Fleet Maintenance Superintendent

## **FISCAL ANALYSIS**

Sufficient funds are available and were approved in the Fiscal Year ("FY") 2023 Operating Budget for Public Works, Fleet Services. The funding for annual fuel purchases is in Account No. 5111-653-715 for unleaded gasoline in the amount of \$900,000, and in Account No. 5113-653-715 for diesel fuel in the amount of \$300,000.

## **PREVIOUS ACTION**

On June 16, 2021, per City of Escondido ("City") Resolution No. 2021-85, the City Council awarded SC Fuels, Inc. the FY 2022 fuel contract.

## **BACKGROUND**

The City is a participating agency in a City of San Diego sponsored fuel purchasing consortium. This consortium consists of almost every government agency in San Diego County. By creating a fuel purchasing consortium, local agencies, along with the City of San Diego, benefit from collective fuel purchasing. The City of San Diego bids and administers the fuel purchasing contract and local agencies assist by providing annual throughput numbers collectively. This enables a greater purchasing position for all participating San Diego area agencies. Additionally, this consortium process helps other smaller agencies from having to go out to bid on their own while also increasing their purchasing power.



# CITY *of* ESCONDIDO

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Fleet Services is requesting approval to purchase unleaded gasoline, renewable diesel, and clear diesel fuel from SC Fuels through a Cooperative Purchase Agreement with the City of San Diego along with other public agencies throughout San Diego County. SC Fuels was awarded the City of San Diego contract in 2018 and has provided exceptional customer service to the City. Fleet Services has budgeted funds for this purchase in Account No. 5111-653-715 for unleaded gasoline, and Account No. 5113-653-715 for diesel fuel, previously approved in the FY 2022 budget.

This is an efficient and economical procurement for bulk gasoline and diesel fuels. On average, the City saves between \$0.60 and \$0.80 per gallon from regular pump prices, as well as reduces the staff time to annually procure this contract. Local supplier prices are regularly checked for competitive prices, but the Cooperative Purchase Agreement rates attained by this consortium through SC Fuels has proven to continually provide better economy.

In order to assist in achieving Climate Action Plan goals, Fleet Services has implemented priority delivery requests for Renewable Diesel Fuel (R99), which is a drop-in replacement for clear petroleum diesel fuel (dependent on local availability). Renewable diesel fuel is similar to biodiesel where it is derived from nonpetroleum renewable resources such as natural fats, vegetable oils, and greases but due to hydrogenation, there are no cold temperature gelling or storage issues as found with biodiesel. Renewable diesel will substantially reduce carbon emissions and improve air quality without sacrificing power, performance, or driving range.

### RESOLUTIONS

- A. Resolution No. 2022-67
- B. Resolution No. 2022-67 Exhibit "A"