



# CITY OF CARSON

## Legislation Text

File #: 2022-139, Version: 1

### Report to Mayor and City Council

Tuesday, May 17, 2022

Consent

#### **SUBJECT:**

**CONSIDER APPROVAL OF AN AS-NEEDED AGREEMENT FOR ON-SITE BULK PURCHASING OF GASOLINE AND DIESEL FUEL FOR \$100,000.00 WITH SHELL RETAIL AND CONVENIENCE OPERATIONS LLC DBA SHELL TAPUP**

#### **I. SUMMARY**

Staff is recommending the approval of an as-needed purchase agreement with Shell Retail and Convenience Operations LLC DBA Shell TapUp for the period of July 1, 2022 through June 30, 2023 for a not-to-exceed cost of \$100,000.00, for on-site refueling of City-owned vehicles and equipment. This additional contract is not expected to increase the overall fuel budget (which is already impacted by high gas and diesel prices); rather, the quantity of fuel purchased by the City is based on vehicle usage and miles traveled, not the number of fuel vendors the City conducts business with. Further, an additional benefit to this program is that vehicles having a full tank allow City staff to be ready and able in times of emergencies as required. This agreement will establish a one-year pilot program to determine the overall viability of establishing a long-term contract for on-site refueling of City-owned vehicles and equipment. Any fuel purchased by City will be on an as-needed basis, determined solely by City staff.

#### **II. RECOMMENDATION**

1. AWARD a purchase agreement for on-site bulk purchasing of gasoline and diesel fuel from Shell Retail and Convenience Operations LLC DBA Shell TapUp at a not-to-exceed cost of \$100,000.00 for the period of July 1, 2022 through June 30, 2023.
2. AUTHORIZE the Mayor to execute the purchase agreement following approval as to form by the City Attorney.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate

### **IV. BACKGROUND**

With the move to the new Corporate Yard at 18620 Broadway, the City no longer has an on-site fuel storage tank for its City-owned vehicles and has relied solely on its current vendor, SC Fuels, for fueling. The decision to not install a tank at the new yard was based on space and site considerations as well as avoiding the environmental and regulatory burden of operating an on-site fueling operation. It has meant, however, that staff juggle keeping their vehicles fueled with other tasks performed elsewhere in the City, and the daily limits on shared fuel cards actually means more trips for fueling partially-fueled vehicles.

The purpose of the proposed Shell contract is to establish a supplemental one-year fueling pilot program for the refueling of City vehicles and equipment on-site at the corporate yard during non-business hours thereby minimizing the amount of an employee's regular work time currently devoted to refueling at off-site satellite gas stations. The not-to-exceed cost of the agreement, which will be as-needed as determined by City, is \$100,000.00. The cost for Shell diesel is competitive: the Los Angeles, CA rack price (wholesale price for fuel) plus all applicable taxes plus \$0.58 per gallon. Price for Shell diesel on January 14, 2022 was \$4.33 per gallon delivered. (AVG. retail price \$4.79). Cost for Shell V Power is the Los Angeles, CA rack price plus all applicable taxes plus \$0.58 per gallon. Price for Shell V Power on January 14, 2022 was \$4.49 per gallon delivered. (AVG. retail price \$4.74).

Shell TapUp will fuel the vehicles at the Corporate yard in the off hours. Refueling during non-business hours will ensure all City vehicles are ready and equipped to respond to emergency situations 24 hours a day. The existing fuel vendor SC Fuels will remain the off-site refueling vendor for City Hall and Community Center staff and as a secondary fueling option for corporate yard staff. By way of Carson Municipal Code section 2611(i) (Other Purchases), the City Council has determined that this purchase does not require compliance with the bidding provisions of the City's Purchasing Ordinance, so long as funds have been properly appropriated and such purchases conform with all other requirements of the ordinance: (11) Fuel purchases and other commodities that are subject to market pricing.

It should be noted that Shell has insisted that certain contract provisions be included in the agreement. In particular, there is a mutual indemnity provision in the agreement that requires each party to indemnify for breach of the agreement or negligent or willful misconduct. Also, there is a cap on Shell's liability in the amount of \$500,000 except where Shell engages in gross negligence or willful misconduct in which case there shall be no limit on its liability.

## **V. FISCAL IMPACT**

Funds will be budgeted in the FY2022-23 General Fund budget for the payment of fuel services in account numbers 101-80-840-275-7006 for unleaded and 101-80-840-275-7005 for diesel in the total amount of \$100,000.00. Total fuel funds budgeted for the city for FY 22/23 is \$350,000. Allocation of the funds is \$70,000 for unleaded fuel and \$30,000 for diesel. Additional funds for this pilot effort are not expected as the quantity of fuel is based on vehicle usage and miles traveled, not the fuel vendor.

## **VI. EXHIBITS**

1. Shell Agreement (pg. 4 - 17)

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