



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Execute an Agreement with Tom Lopes Distributing Inc., dba Western States Oil Company to Procure Unleaded Gasoline and Renewable Diesel Fuel for an Amount Not to Exceed \$2,750,000 over a Five-Year Term.	
Submitted By: Bryan Brandes, Director of Maritime; Kristi McKenney, Acting Executive Director	
Parties Involved: Tom Lopes Distributing, Inc., dba Western States Oil Company San Jose, California	Amount: Not to exceed \$2,750,000 over a five-year term (operating expense; FY24 budget is \$550,000)
EXECUTIVE SUMMARY: The Port of Oakland (Port) continues to aggressively convert to zero emission vehicles for its own fleet of autos, trucks, and medium- and heavy-duty equipment. In the near term some vehicles and equipment will not have available zero emission substitutes and thus the Port will continue to require unleaded gasoline (gas) and renewable diesel supplies. The proposed agreement establishes gas and renewable diesel fuel pricing for a term of five years; the Port will only purchase what it actually needs and is not obligated to spend the entire amount. Bids were received through a competitive solicitation process.	

BACKGROUND & ANALYSIS

There are three fueling facilities at the Port: Harbor Facilities, Aviation Facilities, and the Aircraft Rescue and Firefighting (ARFF) facility. The Port consumes approximately one hundred thirty-five thousand (135,000) gallons of gas and renewable diesel fuel combined per year for use in equipment and vehicles. Fuel is available to all Port divisions as well as Oakland ARFF and Alameda County Sheriff’s Office Airport Police Services (ACSO) vehicles and equipment. Typically, the ARRF and ACSO vehicles are the predominant consumers of the Port’s annual fuel usage.

In September 2023, the Port solicited competitive bids with an Invitation for Bids for fuel procurement for a five-year term. The fuel specifications required the bidders to provide a product that meets or exceeds the standards set forth by the California Air Resources Board (CARB). All renewable diesel fuel is for R99 (R100) (this is the designation for what’s known as “100%” renewable diesel which may technically have less than 1% petroleum diesel).

The base price for the fuels fluctuates and is based on the Oil Price Information Service (OPIS) - a Dow Jones company that publishes the Daily Rack Prices for Unleaded and Diesel fuels for the San Francisco Bay Area. This is the closest published price for fuel

to be delivered to Oakland. The Port's competitive solicitation is for the markup or markdown per gallon of fuel for the cost to deliver the fuel to the Port's three tank locations since the price for the fuel itself will be based on the OPIS. Five bids were received as shown in Table 1. Tom Lopes Distributing Inc., dba Western States Oil Company provided the lowest markdown price of -\$0.0175 per gallon of Unleaded fuel, -\$0.015 per gallon of Renewable Diesel, and -\$0.015 per gallon of Red Dyed Diesel¹.

Table 1
Bid (Per Gallon)

<u>Bidder Name</u>	<u>Unleaded</u>	<u>Renewable Diesel</u>	<u>Renewable Diesel (Red Dye)¹</u>
Tom Lopes Distributing Inc., dba Western States Oil San Jose, CA	-\$0.0175	-\$0.015	-\$0.015
Southern Counties Lubricants Richmond, CA	+\$0.030	+\$0.070	+0.160
Ramos Oil Company Sacramento, CA	+\$0.000	+\$0.035	+0.035
Pinnacle Petroleum Inc. Huntington Beach, CA	+\$0.1261	+\$0.2482	+\$0.2167
Atlantic Petroleum & Mineral Resources Inc. Houston, TX	+\$0.170	+\$0.170	+\$0.650

¹ Red Dyed Diesel is only partially taxed it is allowed for use in off-road equipment only.

Any applicable taxes and fees are applied at the time of fuel delivery depending on the then current requirements and the type of fuel. Note the Port is exempt from Federal Excise Tax but not from other State and Local Excise Taxes or other gasoline and diesel taxes and fees. The \$2,750,000 not -to-exceed amount request is intended to cover all costs including the fuel with markdown and taxes and fees.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
 Other/Notes:

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 Operating Non-Operating Capital

Analysis: There is no impact to the Operating Budget as currently \$550,000 is included in the Operating Expense Budget for fuel purchases in FY 2024.

STAFFING

- No Anticipated Staffing Impact.
 Anticipated Change to Budgeted Headcount.
Reason:
 Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (Not Covered Entity) – proposed action involves entity not covered by Living Wage requirements because it is not a covered service provider or tenant, does not employ at least 21 employees, or receive from or pay to Port at least \$50,000.

- Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **Yes.**

GENERAL PLAN (City Charter § 727):

Conformity Determination:

Reason: Renewable diesel is made from renewable feedstocks instead of petroleum and thus reduces greenhouse gas emissions. It also burns cleaner and emits less particulate matter.

Maritime/Aviation – proposed action conforms to policies for transportation designation of the General Plan.

STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:

- | | |
|--|---|
| <input type="checkbox"/> Grow Net Revenues | <input checked="" type="checkbox"/> Modernize and Maintain Infrastructure |
| <input type="checkbox"/> Improve Customer Service | <input type="checkbox"/> Pursue Employee Excellence |
| <input type="checkbox"/> Strengthen Safety and Security | <input type="checkbox"/> Serve Our Community |
| <input checked="" type="checkbox"/> Care for Our Environment | |