

AGENDA REPORT

Resolution: Authorization Approving Consent to Assignment of Contract and Rights from Golden Gate Petroleum to Diesel Direct West Incorporated. **(Engineering)**

MEETING DATE: 2/28/2019

AMOUNT: \$520,000 (FY 19, Annual Budget)
Operating Expense

PARTIES INVOLVED: Diesel Direct Inc., Oakland, CA
Rick Leroux, Regional Sales Manager

SUBMITTED BY: Chris Chan, Director of Engineering

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

This agenda report is to reassign the existing diesel fuel contract from Golden Gate Petroleum to Diesel Direct Incorporated as Golden Gate Petroleum has sold the fuel delivery portion of their business to Diesel Direct Incorporated. Diesel Direct Incorporated will be assuming and servicing all of Golden Gate Petroleum's existing contracts.

BACKGROUND

The Port purchases approximately one-hundred and thirty-five thousand (135,000) gallons of fuel (unleaded, diesel, and red dye diesel) per year for use in equipment and vehicles. The provided fuel services all equipment and vehicles at the Port including the ARFF vehicles operated by the Oakland Fire Department and the Alameda County Sheriff's vehicles which are assigned to serve OAK.

The Port has joined with Santa Clara County in a cooperative agreement for bulk fuel purchases; utilizing the County's formal procurement process to select the fuel delivery vendor. The cooperative agreement includes 12 separate agencies whose combined volume of fuel purchased allows the Port to gain a competitive price while eliminating the need for a separate, standalone procurement process. In March of 2016 the Port of Oakland entered into contract with Golden Gate Petroleum to deliver diesel fuel to the Port's Harbor Facilities, Aviation Facilities and the Aircraft Rescue and Fire-Fighting (ARFF) facility at the Oakland International Airport (OAK). The Port's annual budget in FY19 for fuel delivery is \$520,000. The contract for diesel fuel delivery in FY19 is for an amount of \$270,000.

ANALYSIS

In December of 2018, Golden Gate Petroleum sold the delivery portion of their business to Diesel Direct Incorporated (Diesel Direct). Diesel Direct has assumed the contract for

diesel delivery to the Port including all terms and conditions agreed to by Golden Gate Petroleum. Diesel Direct has therefore requested that the Port approve the assignment of the contract from Golden Gate Petroleum to Diesel Direct Incorporated. It is in the best interest of the Port to maintain its supply of diesel fuel through the assignment of this contract. If approved by the Board, Port staff will execute an amendment to the current Golden Gate Petroleum agreement in order to assign the contract to Diesel Direct Incorporated.

BUDGET & STAFFING

The proposed action has no impact on budget or staffing.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters included in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

- Goal: Improve Customer Service

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements, do not apply because the contract is not a covered service contract, but a contract for goods, commodities, supplies or equipment with incidental service provisions.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.

ENVIRONMENTAL

The proposed action was reviewed in accordance with the requirements of the California Environmental Quality Act ("CEQA") and the Port CEQA Guidelines. The proposed lease is categorically exempt from CEQA pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity

was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

GENERAL SPECIFIC PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

This project is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project.

OPTIONS

- Approve the assignment of contract from Golden Gate Petroleum to Diesel Direct Incorporated. This will maintain the Port's supply of diesel fuel and is the recommended option.
- Do not approve the assignment of contract. This may impact the timely delivery of diesel fuel to the port and require soliciting a new contract for diesel fuel delivery.

RECOMMENDATION

Adopt a resolution to approve the assignment of the diesel fuel delivery contract with Golden Gate Petroleum to Diesel Direct Incorporated. This recommendation will continue operational continuity on diesel fuel supply for the Port.