



# CITY COUNCIL STAFF REPORT



**March 26, 2024**

## **ITEM TITLE**

Agreement: Authorize the Use of a Cooperative Agreement Between Sourcewell and Mansfield Oil Company of Gainesville, Inc. for the Purchase of Motor Vehicle Fuel, and Approve Entering Into an Agreement with Mansfield

**Report Number:** 24-0071

**Location:** No specific geographic location

**Department:** Public Works

**G.C. § 84308:** No.

**Environmental Notice:** The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **Recommended Action**

Adopt a resolution approving the City’s use of the cooperative purchasing agreement between Sourcewell and Mansfield Oil Company of Gainesville, Inc. (Mansfield) for the purchase of motor vehicle fuel, on an as-needed basis, with a term starting on April 24, 2024 and ending on or before February 10, 2028, in a maximum amount of \$7 million; and authorizing the City Manager to negotiate, execute, and finalize an agreement with Mansfield.

## **SUMMARY**

Gasoline and renewable diesel are purchased for use in City vehicles and equipment. The current contract is set to expire on April 24, 2024. Staff recommends entering into an agreement with Mansfield for the purchase of motor vehicle oil on an as-needed basis, pursuant to the cooperative purchasing agreement between Sourcewell and Mansfield. The initial term of the contract will end on June 30, 2025 with a not to exceed amount of \$2.3 million, with extensions allowing for a term through February 10, 2028 and a maximum amount of \$7 million.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity has been reviewed for compliance with the California Environmental Quality Act (CEQA) and it has been determined that the activity is not a

“Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

Gasoline and renewable diesel are purchased for use in City vehicles and equipment. On August 25, 2020, Council approved Resolution No. 2020-200 approving the use of a cooperative purchase agreement between the City of San Diego and SC Commercial, LLC (DBA the SoCo Group) for purchase of various motor vehicle fuels. The contract with SC Commercial, LLC is set to expire on April 24, 2024.

The City has a continued need for gasoline, renewable diesel, and diesel exhaust fluid (DEF) for use in City vehicles and equipment. Section 2.56.140 of the Chula Vista Municipal Code authorizes the City to contract for goods or services through a cooperative purchasing arrangement provided the goods or services were purchased through a competitive process that the Purchasing Agent determines to be consistent with good purchasing practices. Sourcewell, a State of Minnesota local government unit and service cooperative, awarded a cooperative agreement to Mansfield for bulk diesel and gasoline and related services and equipment, pursuant to cooperative contract no. 121522-MNF (the “Contract”), a copy of which is attached as Attachment 1. The Purchasing Agent has determined that the competitive process utilized to select Mansfield is consistent with good purchasing practices.

The Contract meets the needs of the City and staff recommends that the City enter into an agreement with Mansfield in order to utilize the cooperative Contract. The Contract provides for a four-year term, expiring February 10, 2027, with a one-year option to extend. If the extension between Sourcewell and Mansfield is executed, the City will have the option to extend to February 10, 2028. The proposed agreement with Mansfield would provide for an initial term through June 30, 2025, and a not-to-exceed amount of \$2.3 million; it would also allow extensions through February 10, 2028, with a maximum contract amount of \$7.0 million.

Through this cooperative agreement, gasoline, renewable diesel, and DEF shall be delivered to the following City locations: Public Works Yard, Fire Station 3, Fire Station 4, Fire Station 5, and Fire Station 7. The contract also allows for the use of fuel cards that can be used at various gas stations. Employees are at times required to perform City business outside of City limits where they will not have access to City fuel sites. The fuel cards will allow for the purchase of gasoline at a small discount.

Pricing for gasoline, renewable diesel, DEF and fleet cards are as follows:

Bulk Fuel Deliveries:

- **Product (exclusive of any applicable taxes):**

- o Transport E10 Gasoline:

- OPIS San Diego, CA Gross Contract Average w/CAR MINUS \$.1924 per gallon

- o Transport R99 Diesel:

- OPIS San Diego, CA Gross Contract Average w/CAR MINUS \$.0289 per gallon

- o Tank Wagon E10 Gasoline:
  - OPIS San Diego, CA Gross Contract Average w/CAR MINUS \$.1585 per gallon
- o Tank Wagon R99 Diesel:
  - OPIS San Diego, CA Gross Contract Average w/CAR MINUS \$.0062 per gallon

• **Freight Charges (exclusive of any applicable taxes):**

- o All Freight Charges are pass-throughs under the Sourcwell agreement.
  - Estimated Weighted Average Freight
    - Transport E10 Gasoline: +\$.0499 per gallon
    - Transport R99 Diesel: +\$.0499 per gallon
    - Tank Wagon E10 Gasoline: +\$.2789 per gallon
    - Tank Wagon R99 Diesel: +\$.2438 per gallon
  - Pump Fees, Split Fees, Minimum Freight, and Demurrage at Customer Sites will also be pass-throughs to the Customer.

Diesel Exhaust Fluid:

- **Product & Freight Charges (exclusive of applicable taxes) for bulk deliveries to tanks:**
  - o \$1.9700 per gallon
- **Products & Freight Charges (exclusive of applicable taxes) for 1 Pallet of 55 Gallon DEF Drums:**
  - o \$640.20 per pallet (\$160.05 per drum)
    - Pallet Quantity: 4 x 55-gallon drums

Fleet Cards:

- Mansfield Issued Wex Cards:
  - o Pricing: Posted retail/pump price minus .85%.

In order to utilize the cooperative Contract, the City will need to enter into an agreement with Mansfield. City staff has begun negotiating the terms of that agreement. A draft agreement is attached as Attachment 2. In order to finalize the agreement by April 24th, when the existing fuel contract expires, City staff is recommending that the City Council authorize the City Manager to complete the negotiations, finalize the terms of the agreement, and execute the agreement.

**DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

**CURRENT-YEAR FISCAL IMPACT**

Fuel expenditures have been budgeted in the Central Garage fund. There is no additional fiscal impact as a result of this action.

## **ONGOING FISCAL IMPACT**

Any purchases as part of this authorization will be incorporated into future budgets as part of the annual budget development process.

## **ATTACHMENTS**

1. Contract Between Sourcewell and Mansfield Oil Company
2. Draft Agreement Between the City and Mansfield

*Staff Contact: Angelica Aguilar, Assistant Director of Public Works  
Alicia Granados, Senior Management Analyst*