



DATE: September 6, 2024
TO: Angela Calvillo, Clerk of the Board
FROM: Sailaja Kurella, Director of Office of Contract Administration and City Purchaser
SUBJECT: **Resolution to authorize amendments to Contract 1000013880 (Term Contract 70886) with Golden Gate Petroleum for renewable diesel fuel**

The Office of Contract Administration (OCA) respectfully requests approval from the Board of Supervisors to execute a fourth amendment to Contract 1000013880 (OCA Term Contract 70886) with Golden Gate Petroleum, extending the contract duration by eight months, to June 30, 2025, and increasing the contract not-to-exceed (NTE) amount by \$15,595,000 for a total NTE amount of \$102,345,000. OCA further requests authorization from the Board of Supervisors to issue subsequent amendments to Contract 1000013880, if necessary, to ensure the continued, uninterrupted delivery of renewable diesel to the City prior to final award of one or more new fuel contracts pursuant to a competitive solicitation to be issued by OCA in the coming months.

Pursuant to Administrative Code Section 21.1, OCA conducted a competitive solicitation in December 2018 for a Citywide as-needed contract to supply renewable diesel for all City departments. Golden Gate Petroleum was the lowest bidder for all aggregates (Aggregates 1-6 serving all departments within San Francisco and the Peninsula, as well as the PUC Sierras location). Golden Gate Petroleum was awarded the agreement as the Primary Contractor with an initial contract NTE amount of \$45,000,000 and a duration of two (2) years and 10 months, from June 1, 2019 to March 31, 2022.

Pricing on the contract is based on a markup or markdown on the industry index, the OPIS daily rack rate, for a given diesel type, delivery location, and gallons ordered.

The contract has been amended three (3) times:

- **Modification 1:** updated contract terms and conditions related to furnishing the City renewable diesel fuel in emergency situations
- **Modification 2:** extended the contract duration by two years and two months to May 31, 2024 and increased the NTE amount by \$23,000,000, for a total NTE amount of \$68,000,000
- **Modification 3:** extended the contract duration by five months to October 31, 2024 and increase the NTE amount by \$18,750,000, for a total NTE amount of \$86,750,000.

OCA intends to issue a comprehensive competitive solicitation in the coming months for a variety of fuels and associated fuel products necessary for City operations, including: renewable diesel and red dye diesel, gasoline, lubricants, fleet fuel cards, and potentially other fuel-related items. OCA anticipates awarding one or more new contracts for such fuels and fuel products before the end of Fiscal Year 2024-2025.

A fourth amendment to Contract 1000013880 is necessary to allow for continued renewable diesel fuel deliveries until the competitive solicitation is complete and new contract(s) are awarded.

The proposed amendment (**Modification 4**) will extend Contract 1000013880 by eight months, to June 30, 2025, and increase the contract NTE amount by \$15,595,000, to \$102,345,000, commensurate with expected expenditures for this extended duration. The proposed NTE amount for the amendment is calculated based on average monthly usage over the



life of the contract, of approximately \$1.5 million/month, and includes a 20% contingency to cover fluctuations in pricing and possible increases in spending by City departments.

Because fuel is a critical commodity for City operations, any lapse in fuel delivery can severely, and potentially immediately, impact the City’s ability to perform its necessary functions. To ensure the continued, uninterrupted delivery of gasoline to the City at all times, OCA respectfully requests the Board of Supervisors to authorize the department to issue any necessary additional amendments to Contract 1000013880 should the final award and execution of a new renewable diesel contract, to be issued pursuant to OCA’s upcoming competitive solicitation, be delayed. OCA requests this authorization to execute additional amendments as needed for up to a maximum duration of six (6) years and five (5) months, to October 31, 2025, and a maximum contract NTE of \$108,589,000.

Estimated Need Based on Purchase Order (PO) Encumbrance Data	
Total Encumbered Funds as of 8/30/24*	\$92,721,074
Avg Monthly Encumbrances Since Contract Start Date	\$1,471,349
MODIFICATION 4 (through 6/30/25)	
Number of Months to Contract End Date	10
Anticipated Expenditures through Modification 4 End Date	\$14,703,811
Less Available Contract Balance in PeopleSoft	(\$2,049,709)
Plus Contingency (20%)	\$2,940,762
Total Anticipated Expenditures through Modification 4 End Date	\$15,594,865
Current Executed Contract NTE	\$86,750,000
Proposed Modification 4 Contract NTE (<i>rounded</i>)	\$102,345,000

**Total PO encumbrance amount shown here includes fuel charges plus applicable taxes. PO encumbrances on this contract have exceeded the approved contract NTE amount by ~\$4M because PeopleSoft does not reduce the contract NTE for any applicable taxes, freight, shipping, and other misc. charges associated with the purchase.*

SUBSEQUENT AMENDMENTS (not to extend beyond 10/31/25)	
Number of Months from Modification 4 End Date (6/30/25) to Maximum Contract Extension Date (10/30/25)	4
Anticipated Expenditures through Maximum Contract Extension Date	\$5,949,240
Plus Contingency (20%)	\$294,270
Total Anticipated Expenditures through Maximum Contract Extension Date	\$6,243,509
Modification 4 Contract NTE	\$102,345,000
Proposed Maximum Contract Amendment NTE (<i>rounded</i>)	\$108,589,000



This contract is critical for satisfying City departments' needs for essential fuel for the City's buses, trucks, cars and equipment. Approval of this resolution will allow City departments continued, uninterrupted procurement of this critical commodity in a streamlined and cost-efficient manner. .

If you have any questions or require additional information, please contact Mark Farley at 628-652-1608.

Enclosures:

- Contract 1000013880 (TC70886) Citywide Renewable Diesel-Primary Contractor – Original Agreement
- Contract 1000013880 (TC70886) Citywide Renewable Diesel-Primary Contractor – Modification 1
- Contract 1000013880 (TC70886) Citywide Renewable Diesel-Primary Contractor – Modification 2
- Contract 1000013880 (TC70886) Citywide Renewable Diesel-Primary Contractor – Modification 3
- Contract 1000013880 (TC70886) Citywide Renewable Diesel-Primary Contractor – Modification 4 (proposed)
- Contract Modification Template for any Subsequent Amendment(s)
- Resolution for approval to amend Contract 1000013880 (TC70886)
- S.F. Ethics Commission form 126f4, Notification of Contract Approval