

City and County of San Francisco
Daniel Lurie, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Sailaja Kurella, Director
Office of Contract Administration/Purchasing

DATE: August 29, 2025
TO: Angela Calvillo, Clerk of the Board
FROM: Lorna Walker, Assistant Director of Office of Contract Administration (OCA) and Purchaser
SUBJECT: Resolution to approve Peoplesoft Contract ID 1000036825 (TC 70888) for Diesel Fuel

Enclosed please find the proposed Resolution from the Office of Contract Administration (OCA) requesting that the Board of Supervisors authorize Contract 1000036825 with Golden Gate Petroleum as the Primary provider of Diesel Fuel for City locations. The proposed contract will have a not-to-exceed amount ("NTE") of \$195,000,000 and an initial term of five (5) years, with the option to extend the term for three (3) additional years, for a total contract duration of eight (8) years. The anticipated contract start date is November 1, 2025.

Background – Diesel Fuel

Between fiscal years 2020 and 2025, City location departments encumbered approximately \$95.6 million dollars for the procurement of diesel fuel, averaging \$15.9M per fiscal year.¹ City spending on diesel fuel contracts increased in recent fiscal years due to changing market conditions. Encumbrances from fiscal years 2022 through 2025 were approximately \$70.3 million dollars, or an average of \$17.6M per fiscal year. The primary user of diesel fuel is the Metropolitan Transportation Authority (MTA), who accounts for nearly 80% of the City's encumbrances for diesel fuel. Total Purchase Order ("PO") encumbrances for diesel fuel by all City departments between fiscal years 2020-2025 is provided in Table 1 below. Total PO encumbrances for diesel fuel by all City departments between fiscal years 2022-2025 is provided in Table 2 below.

Table 1: Total PO Encumbrances by City Departments between FY2020-FY2025 for Diesel Fuel

Dept	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25	Grand Total	Annual Avg.
MTA	\$20,200,443		\$27,419,473		\$15,420,458	\$11,698,425	\$74,738,799	\$12,456,466
ADM	\$1,309,818	\$1,312,475	\$2,197,281	\$2,050,240	\$2,200,202	\$1,927,901	\$10,997,917	\$1,832,986
FIR	\$545,704	\$662,503	\$628,385	\$1,286,065	\$927,405	\$870,000	\$4,920,062	\$820,010
PUC	\$357,088	\$327,935	\$405,336	\$464,908	\$524,896	\$449,761	\$2,529,924	\$421,654
AIR	\$204,198	\$182,864	\$310,018	\$392,531	\$314,554	\$325,000	\$1,729,165	\$288,194
REC	\$65,000	\$29,696	\$63,692	\$92,573	\$34,683	\$76,500	\$362,144	\$60,357
DPH	\$43,400	\$29,433	\$2,914	\$73,173	\$27,927	\$12,144	\$188,991	\$31,498
DPW			\$32,181	\$73,865			\$106,046	\$17,674
SHF	\$10,925						\$10,925	\$1,820
JUV		\$2,455					\$2,455	\$409
	\$22,736,576	\$2,547,361	\$31,059,280	\$4,433,355	\$19,450,125	\$15,359,731	\$95,586,428	\$15,931,071

¹ This amount is based on Total Purchase Order encumbrances for City's primary and secondary suppliers of diesel fuel during FY2020 through FY2025: Golden Gate Petroleum (Supplier ID 0000019410-Primary) and Western States Oil (Supplier ID 0000008277-Secondary).



Table 2: Total PO Encumbrances by City Departments between FY2022-FY2025 for Diesel Fuel

Department	FY21/22	FY22/23	FY23/24	FY24/25	Grand Total	Annual Average
MTA	\$27,419,473		\$15,420,458	\$11,698,425	\$54,538,356	\$13,634,589
ADM	\$2,197,281	\$2,050,240	\$2,200,202	\$1,927,901	\$8,375,624	\$2,093,906
FIR	\$628,385	\$1,286,065	\$927,405	\$870,000	\$3,711,855	\$927,963
PUC	\$405,336	\$464,908	\$524,896	\$449,761	\$1,844,901	\$461,225
AIR	\$310,018	\$392,531	\$314,554	\$325,000	\$1,342,103	\$335,525
REC	\$63,692	\$92,573	\$34,683	\$76,500	\$267,448	\$66,862
DPH	\$2,914	\$73,173	\$27,927	\$12,144	\$116,158	\$29,039
DPW	\$32,181	\$73,865			\$106,046	\$26,511
	\$31,059,280	\$4,433,355	\$19,450,125	\$15,359,731	\$70,302,491	\$17,575,623

Invitation for Bids (Sourcing Event 0000010800)

On July 31, 2025, OCA issued an Invitation for Bids (“IFB”) for fuel and fuel products through Sourcing Event 0000010800. The purpose of the IFB was to replace OCA’s expiring contract for diesel fuel.² The IFB consisted of the following aggregate for City locations:

- Aggregate 2 consisted of the supply of Clear Renewable Diesel Fuel and Red Dye Renewable Diesel Fuel to all City of San Francisco sites. Based on the provided City usage statistics and delivery quantities, bidders were asked to quote their differential pricing to the published Oil Price Information Service (OPIS)³ pricing for Clear Renewable Diesel and Red Dye Renewable Diesel, which determines the per gallon cost of diesel fuel charged to City sites for deliveries.

Award

OCA awarded the diesel fuel contract for Aggregate 2 of the IFB to Golden Gate Petroleum (Supplier ID 0000019410)

Pricing Structure

Pricing for Aggregate 2 is based on separate volume ranges reflecting potential City order quantities. Bidders submitted differential pricing for each range, which is applied to the daily published OPIS index pricing on the diesel fuel delivery date. The differential pricing submitted by awarded contractors must remain firm for the duration of the awarded contract.

² The contract is:

- PS Contract ID 1000013880 with Golden Gate Petroleum (Supplier ID 0000019410) expiring October 31, 2025.

³ OPIS is a price reporting agency that provides information used for commercial contracts and trade settlement related to gasoline, diesel, petroleum, natural gas, etc.



Contract NTE Calculations

The advertised NTE was based on historical diesel fuel expenditures and applied to the initial five-year contract term. In analyzing market conditions since executing the prior City diesel fuel term contracts, OCA found that California No.2 Diesel prices have increased by 28.02% since 2018, or approximately 4% annually. As outlined above, diesel fuel contracts saw greater spending in recent fiscal years (\$17.6M annually) due to changing market conditions. The recent spending averages were incorporated in the NTE calculations. Additionally, a 20% contingency was applied to prior spending numbers to account for potential fuel market volatility. Factoring in the \$17.6M annual spend over five years, an expected 4% year over year rise in pricing, and a 20% contingency, OCA calculated the total estimated spend to be \$114.4M over the initial five-year contract term, and \$194.6M over the full eight-year maximum contract period.

Recommendation

Diesel fuel is an essential commodity for City operations and ensures immediate response by emergency departments, disaster preparedness, the performance and delivery of essential City services, and is the backbone of the City's public transportation system.

For these reasons, a timely approval of this resolution will continue to provide City departments with uninterrupted access to diesel fuels with this citywide diesel fuel contract.

If you have any questions or require additional information, please contact Mark Farley on my team at Mark.Farley@sfgov.org or (628) 652-1608.

Enclosures:

1. Contract 1000036825 Proposed Agreement
2. Contract 1000036825 Ethics Form 126f(2)
3. Contract 1000036825 Ethics Form 126f(4)
4. Contract 1000036825 Resolution