



DATE: September 29, 2023
TO: Angela Calvillo, Clerk of the Board
FROM: Sailaja Kurella, Director of Office of Contract Administration (OCA) and Purchaser ^{SK}
SUBJECT: **Resolution for retroactive approval of amendment to Contract 1000012394 –Gasoline Fuel for All City Departments, with Western States Oil**

The Office of Contract Administration (OCA) respectfully requests retroactive approval of an amendment to Contract 1000012394 with Western States Oil increasing the contract amount by \$2,950,000 for a total not-to-exceed (NTE) amount of \$35,450,000 and extending the duration by 19 days, to November 19, 2023.

The Office of Contract Administration (OCA) conducted a solicitation for a Citywide as-needed “term” contract for the purchase of fuel gasoline for all City departments in April 2018. Western States Oil was the lowest bidder for Aggregate 1 (all City department locations except the Sierras) and was awarded the contract, with an initial contract NTE amount of \$32,000,000 and duration of three (3) years, from November 1, 2018 to October 31, 2021. The contract was amended four (4) times, once to update contract terms related to furnishing the City fuel and gasoline in emergency situations, twice to extend the contract duration, and once to increase the contract not-to-exceed amount. As of September 29, 2023, the contract NTE was \$32,500,000, with an end date of October 31, 2023.

OCA intended to put in place a replacement contract for gasoline, via Administrative Code Chapter 21.16 authority, prior to expiration of the current contract with Western States Oil. Unfortunately, the selected contractor requested changes to the contract terms after the contract had been agreed to by both parties. The resulting contract negotiations have significantly delayed execution of a new contract. In the meantime, the contract balance on the current contract, Contract 1000012394 with Western States Oil, became fully depleted.

Given that the City cannot pause fuel deliveries for any period of time, OCA has moved forward with Modification 5 to Contract 1000012394, increasing the NTE to by \$2,950,000 to \$35,450,000, and extending the duration by 19 days, to November 19, 2023.

This amendment amount is calculated based on average monthly usage over the past fiscal year (FY23), which has shown the greatest annual spend on the contract, totaling approximately \$8.4 million. The increase in contract expenditures during the life of this contract is the result of the volatile market propelling increases in oil pricing the past several years. The NTE increase of \$2,950,000 covers 3.5 months of contract expenditures plus a 20% contingency, which ensures sufficient contract balance for past contract utilization OCA may not yet have knowledge of, as well as for ongoing fuel needs to the contract end date. OCA chose to extend the duration of the contract by 19 days in order to ensure sufficient time to conclude negotiations and execute the new contract, and to allow for a smooth transition to the new supplier.

This contract is critical for satisfying City departments’ needs for essential gasoline fuel for the City’s trucks, cars and equipment. Retroactive approval of this resolution will allow City departments to continue procuring these goods until OCA executes the new City gasoline contract.

If you have any questions or require additional information, please contact Mark Farley on my team at (628) 562-1608.

City and County of San Francisco
London N. Breed, Mayor



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

Enclosures:

TC 70885 (Contract 1000012394) Citywide Fuel Gasoline Agreement
TC 70885 (Contract 1000012394) Citywide Fuel Gasoline – Modification 1
TC 70885 (Contract 1000012394) Citywide Fuel Gasoline – Modification 2
TC 70885 (Contract 1000012394) Citywide Fuel Gasoline – Modification 3
TC 70885 (Contract 1000012394) Citywide Fuel Gasoline – Modification 4
TC 70885 (Contract 1000012394) Citywide Fuel Gasoline – Modification 5 – unsigned
Resolution for Modification 5 to TC 70885 (Contract 1000012394)
S.F. Ethics Commission form 126f4, Notification of Contract Approval