

**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Fuel Gasoline (All San Francisco Departments except Sierras)

File 231037; Contract ID # 1000012394

Office of Contract Administration

Board of Supervisors' Budget and Finance Committee
November 1, 2023

Contract Summary

- Provides gasoline fuel for the City's cars, trucks, vans, buses, boats, and equipment.
- Primary contract for city and peninsula locations ("Aggregate 1") awarded to Western States Oil via competitive solicitation per Administrative Code § 21.1, issued in April 2018.
 - Original contract not-to-exceed (NTE) amount \$32M, from 11/1/2018 to 10/31/2023
 - Amended four (4) times prior; OCA issued Amendment No. 5 on 10/2/2023
 - Current NTE \$35.45M, ending on November 19, 2023
- Contract price is a mark-up or mark-down on OPIS daily average rack prices for gasoline, for San Francisco.

Contract Expenditures

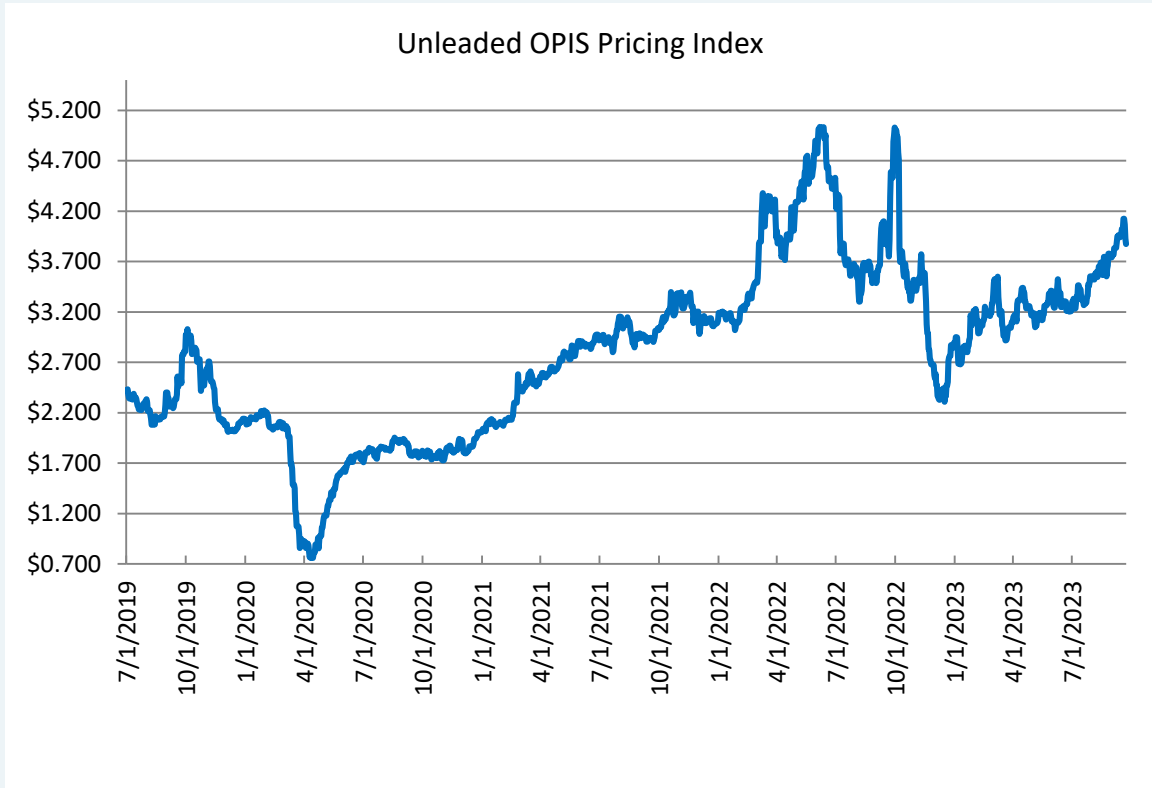
FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	TOTAL SPEND	Monthly Spend FYs19-21	Monthly Spend FYs22-23
\$3.8M	\$5.9M	\$5.8M	\$8.4M	\$8.1M	\$33.6M incl. FY23/24 (\$1.6M)	\$487K	\$687K

- Substantial increase in \$ usage during FYs 20-23 due to the significant rise in oil pricing.
- Used heavily by departments with sizable fleets. Central Shops-controlled sites (DPW, Police, Rec and Parks) and PUC represent about 77% of total annual usage.

Expenditures by Department: FY23

Department	ADM	PUC	FIR	AIR	MTA	SHF	REC	DPH
Gross Annual Spend	\$5.1M	\$1M	\$975K	\$410K	\$391K	\$78K	\$53K	\$36.4K
Avg. Monthly Spend	\$427K	\$85K	\$81K	\$34K	\$33K	\$6.5K	\$4.4K	\$3K

OPIS Pricing Index



Necessity to amend prior to Board Approval

- OCA worked to put in place a replacement contract for gasoline, via Administrative Code Chapter 21.16 authority, well in advance of expiration of current contract with Western States Oil.
- However, new contractor requested changes to contract terms just before contract execution.
- Resulting contract negotiations significantly delayed execution of new contract; existing contract balance subsequently became depleted.
- OCA executed Amendment 5 prior to Board approval to ensure continued delivery of fuel, essential to daily City operations.

Amendment No. 5

- Request retroactive approval of resolution to amend contract with Western States Oil:
 - Increase NTE by \$2,950,000 to **\$35,450,000**
 - Extend contract duration by 19 days
- Contract NTE based on average monthly usage for FY23 plus 20% contingency.
- Duration extension ensures sufficient time to transition to new contractor.

Thank You

How is Pricing Determined?

- Contract price is a mark-up or mark-down on OPIS daily average rack prices for gasoline for San Francisco.
- OPIS = Oil Price Information Service
- OPIS maintains the world's most comprehensive price benchmarking database of U.S. wholesale fuel prices.
- OPIS is relied on by major oil companies, dealers, most metro transit authorities, and all levels of government.
- Unbiased and independent, has no stake in fuel transactions, and is not funded by the oil industry; adheres to Anti-Trust Policy guidelines, determined by independent legal counsel. Do not provide info to suppliers until the info is effective and sent to customers.
- In the event that OPIS pricing ceases to be published, or is materially changed, either party may request a new basis to determine pricing for this contract. If a mutual agreement cannot be reached within 30 days, this contract will be terminated.
- Bid prices are all inclusive of delivery, freight, environment fees, and taxes.