



# CITY OF SAN MATEO

City Hall  
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## Agenda Report

Agenda Number: 10

Section Name: {{section.name}}

Account Number: 82-4683

File ID: {{item.tracking\_number}}

**TO:** City Council  
**FROM:** Drew Corbett, City Manager  
**PREPARED BY:** Public Works Department  
**MEETING DATE:** November 21, 2022  
**SUBJECT:**  
Gasoline Fuel Procurement and Delivery Services – Amendment

### RECOMMENDATION:

Approve Amendment No. 3 to the agreement with Pinnacle Petroleum, Inc. for gasoline fuel procurement and delivery services in the amount of \$250,000, for a new overall potential agreement total of \$1,625,000, inclusive of the City's remaining options to extend the agreement; establish a contingency reserve in the amount of \$100,000; and authorize the Public Works Director to execute the agreement in substantially the form presented and issue any change orders within the contingency amount.

### BACKGROUND:

The City maintains a fueling station at the Corporation Yard for the existing fleet. In June 2020, an agreement was awarded to Pinnacle Petroleum, Inc. for the procurement and delivery of gasoline. Council approved a one-year agreement in an amount not to exceed \$250,000, with four optional one-year extensions with the same annual price for an overall estimated not-to-exceed amount of \$1,250,000, and established a contingency reserve in the amount of \$125,000.

In July 2021, Amendment No. 1 was executed to extend the contract for the first of four, optional one-year extensions through June 30, 2022. In April 2022, Contract Change Order No. 1 was issued to add the full contingency of \$125,000 to the agreement amount due to the increase in fuel costs to provide additional funding through June 30, 2022, which was exhausted during that fiscal year. In July 2022, Amendment No. 2 was executed to extend the contract for the second of four, one-year extensions through June 30, 2023.

With the increase in fuel costs, the original annual amount defined at the beginning of the agreement term in 2020 is no longer sufficient. Staff reviewed fiscal year 2022-23 first quarter expenses for gasoline and estimated a 50% increase in overall cost.

Original Annual Amount	\$250,000
Year-to-Date Expenditures	\$112,923
Year-End Projection	\$500,000
Recommended Increase	\$250,000
Revised Annual Amount	\$500,000

Based on year-end projections, staff recommends City Council approve an amendment to increase the current one-year extension by \$250,000 for a new total annual amount not to exceed \$500,000 for fiscal year 2022-23, and a new overall agreement amount not to exceed \$1,625,000, and to establish a new contingency reserve in the amount of \$100,000.

**BUDGET IMPACT:**

The fuel agreements are managed and administered centrally within Fund 82 by the Fleet Services Division, with fuel costs charged back to departments based on actual usage. Sufficient funds are included in the operating budgets for the various departments that utilize gasoline fuel. No supplemental budget appropriation is recommended at this time. Staff will continue to monitor fuel costs and request adjustments as needed.

**ENVIRONMENTAL DETERMINATION:**

This amendment is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

**NOTICE PROVIDED**

All meeting noticing requirements were met.

**ATTACHMENTS**

Att 1 - Amendment No. 3

**STAFF CONTACT**

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