



# CITY OF SAN MATEO

City Hall  
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[www.cityofsanmateo.org](http://www.cityofsanmateo.org)

## Agenda Report

Agenda Number: 11

Section Name: {{section.name}}

Account Number: 82-4683-  
03-5531

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

**TO:** City Council

**FROM:** Drew Corbett, City Manager

**PREPARED BY:** Public Works Department

**MEETING DATE:** November 21, 2022

**SUBJECT:**  
Renewable Diesel Fuel Procurement and Delivery Services – Amendment

### RECOMMENDATION:

Approve Amendment No. 3 to the agreement with Bosco Oil, Inc. dba Valley Oil Company for procurement and delivery of red and clear renewable diesel services in the amount of \$150,000, for a new overall potential agreement total of \$975,000, inclusive of the City's remaining options to extend the agreement; establish a contingency reserve in the amount of \$60,000; and authorize the Public Works Director to execute the amendment in substantially the form presented and issue any change orders as allowed by the agreement within the contingency amount.

### BACKGROUND:

Clear renewable diesel is used to power citywide fleet including dump trucks, street sweepers, sewer flusher trucks, and light-duty maintenance trucks. Red diesel is used to power off-road equipment, including the Marina Lagoon Pump Station and stationary electrical generators. In June 2020, an agreement was awarded to Bosco Oil, Inc. dba Valley Oil Company for the procurement and delivery of red and clear diesel fuel. City Council approved a one-year agreement in an amount not to exceed \$150,000, with four optional one-year extensions with the same price and terms for an overall estimated not-to-exceed amount of \$750,000. Additionally, a contingency reserve in the amount of \$75,000 was established.

In May 2021, Amendment No. 1 was issued to extend the contract for the first of four optional one-year extensions through June 30, 2022. In March 2022, Contract Change Order No. 1 was issued to add the full contract contingency in the amount of \$75,000 due to the increase in fuel costs to provide funding through June 30, 2022. In June 2022, Amendment No. 2 was issued to amend the agreement to add the procurement and delivery of clear renewable diesel fuel and 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 diesel fuel and estimated a 50% increase in the annual cost.

Original Annual Amount	\$150,000
Year-to-Date Expenditures	\$68,472
Year-End Projection	\$300,000
Recommended Increase	\$150,000
Revised Annual Amount	\$300,000

Based on year-end projections, staff recommends City Council approve an amendment to increase the current one-year extension by \$150,000 for a new total annual amount not to exceed \$300,000 for fiscal year 2022-23 and a new overall

agreement amount not to exceed \$975,000 and to establish a new contingency reserve in the amount of \$60,000.

**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 diesel 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

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