



Legislation Details (With Text)

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Title: Award and authorize execution of a Three-Year Contract with Pinnacle Petroleum Inc. for Bulk Fuel Service - Jet-A Aviation Fuel in an amount not to exceed \$300,000 per year
Attachments: 1. Att#1 Pinnacle Agreement w Insurance

Date	Ver.	Action By	Action	Result
4/1/2019	1	City Council/Public Financing Authority	approved	Pass

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, Executive Director

PREPARED BY: Travis K. Hopkins, PE, Director of Public Works

Subject:

Award and authorize execution of a Three-Year Contract with Pinnacle Petroleum Inc. for Bulk Fuel Service - Jet-A Aviation Fuel in an amount not to exceed \$300,000 per year

Statement of Issue:

In September of 2018, the City received bids for Bulk Fuel Services for Jet-A aviation fuel. City Council action is requested to award a three-year contract to the lowest responsive and responsible bidder, Pinnacle Petroleum, Inc. in an amount not to exceed \$300,000 annually and \$900,000 over the full three-year term.

Financial Impact:

Funds are available in Non-Departmental account 10040101.63495 for Jet Aviation fuel purchases.

Recommended Action:

Approve and authorize the Mayor and City Clerk to execute the "Service Agreement Between the City of Huntington Beach and Pinnacle Petroleum, Inc. for Bulk Fuel Services - Jet-A Aviation Fuel" in an amount not to exceed \$300,000 per year for three years.

Alternative Action(s):

Do not approve the contract award and direct staff to proceed differently.

Analysis:

The Public Works Department manages the maintenance and restocking of the city's fuel

infrastructure, including the fuel island and storage tank at the Police Heliport that is used to fuel the Police helicopters. Police air support helicopters require approximately 53,000 gallons of Jet-A aviation fuel annually. Public Works fleet maintenance staff work with the Police Department Air Support Division and the wholesale fuel broker to place timely fuel orders as needed and to ensure sufficient fuel inventory for the Police helicopter program.

The city's former contracted fuel broker resigned their contract abruptly and without notice in early 2018. Since that time, staff has been utilizing interim broker services pending the outcome of the competitive bid process. In August of 2018, the City received bids under RFQ 18-0718 for a new vendor to provide bulk aviation fuel services. Bids were evaluated by direct comparison of each vendor's proposed markup over wholesale prices. Following are the bid results listed from low to high.

Please note that for the basis of bid comparison, the results shown are each vendor's proposed markup. This markup, when applied to the commodity price of the fuel product at the city's annual purchase volume, calculates to the city's current annual expense for helicopter fuel at approximately \$214,000.

Vendor	Markup per Gallon
Pinnacle Petroleum, Inc.	0.0486
Merrimac Energy Group	0.1260
World Fuel Services	0.2475
Patten Energy	0.3200

Staff is requesting that City Council approve the award and authorize the execution of the contract for bulk Jet-A aviation fuel with Pinnacle Petroleum, Inc., the lowest responsive and responsible bidder. Pinnacle Petroleum, Inc. is a Huntington Beach business. They were the lowest outright bidder so it was not necessary to apply the 5% local vendor preference.

Environmental Status:

The project includes a contract to purchase Jet-A aviation fuel via a broker to fuel City equipment and does not propose or involve physical changes to the environment and is not subject to CEQA per CEQA Guidelines Section 15061(b)(3), which exempts projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Strategic Plan Goal:

Enhance and modernize public safety service delivery

Attachment(s):

1. Service Agreement Between the City of Huntington Beach and Pinnacle Petroleum, Inc.