



# **moulton niguel** water district

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## **STAFF REPORT**

**TO:** Board of Directors

**MEETING DATE:** June 14, 2017

**FROM:** Trevor Agrelus, Controller

**SUBJECT:** Fuel Delivery Service Agreement

**DIVISION:** District-Wide

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### **SUMMARY:**

Issue: The District's current contract for fuel delivery services will expire on June 30, 2017.

Recommendation: It is recommended that the Board of Directors approve a two-year service agreement with California Fuel and Lubricants for a total not-to-exceed amount of \$720,000 (\$360,000 per year) with ~~three~~-two one year options to extend for the purchase and delivery of unleaded fuel, diesel fuel, and motor oil lubricants; and authorize the General Manager or Assistant General Manager to execute the Agreement.

Fiscal Impact: Sufficient funds are included in the Fiscal Year 17-18 operating budget.

Legal: Yes

### **BACKGROUND:**

The fuel pumping station located at the District's 2A Plant includes of a 10,000 gallon underground storage tank divided into two compartments: an 8,000-gallon unleaded fuel compartment and a 2,000-gallon diesel fuel compartment. The fuel pumping station enables staff to fill the District's 99 fleet vehicles, including both standard vehicles and heavy construction equipment. The on-site fuel is also used to supply fuel to 14 emergency back-up generators at various wastewater, and potable water pump stations.

The District's annual fuel usage ranges from 70,000 to 90,000 combined gallons of unleaded and diesel fuels. Annual automotive motor oil usage averages 700

combined gallons of two different weights/types of oil. The oil is stored in two 180 gallon tanks.

Fuel orders are typically placed every other week, but may occur more or less frequently as usage dictates. Motor oil is typically ordered bi-annually.

**DISCUSSION:**

Staff issued a Request for Proposal (RFP) to six experienced bulk fuel and motor oil delivery service providers. Five qualified proposals were received and reviewed by staff.

Fuel pricing was quoted on a cost-plus model using the current Oil Price Information Service (OPIS) daily average rack pricing as the base price. Proposer's pricing consisted of the OPIS daily average cost per gallon, plus or minus Proposer's stated margin. Additional fees, such as delivery charges and surcharges are included in this margin. The oil pricing is quoted as per gallon.

The pricing from the five qualified respondents is below:

<b>Summary of Proposals for Bulk Fuel Delivery Services</b>				
<b>Vendor</b>	<b>Unleaded (OPIS +)</b>	<b>Diesel (OPIS +)</b>	<b>CJ4 Oil/gal</b>	<b>10-30 Oil/gal</b>
<b>California Fuel and Lubricants</b>	+\$0.0194	+\$0.0714	\$8.6988	\$5.2088
<b>Nickey Petroleum</b>	+\$0.099	+\$0.099	\$11.75	\$10.21
<b>Merit Oil</b>	+\$0.1275	+\$0.1275	\$5.914	\$4.847
<b>Pinnacle</b>	+\$0.1789	+\$0.2945	\$10.32	\$6.92
<b>SC Fuels</b>	+\$0.1229	+\$0.1229	\$6.57	\$5.39

Based on the District's historical usage rate for fuel and motor oil, California Fuel and Lubricant's proposal provided the lowest overall estimated cost, due to the fact that their proposal included the lowest fuel margin, and a competitively priced 10-30 and CJ4 oil price. The quoted margin will remain firm for the full term of the contract, including the optional years.

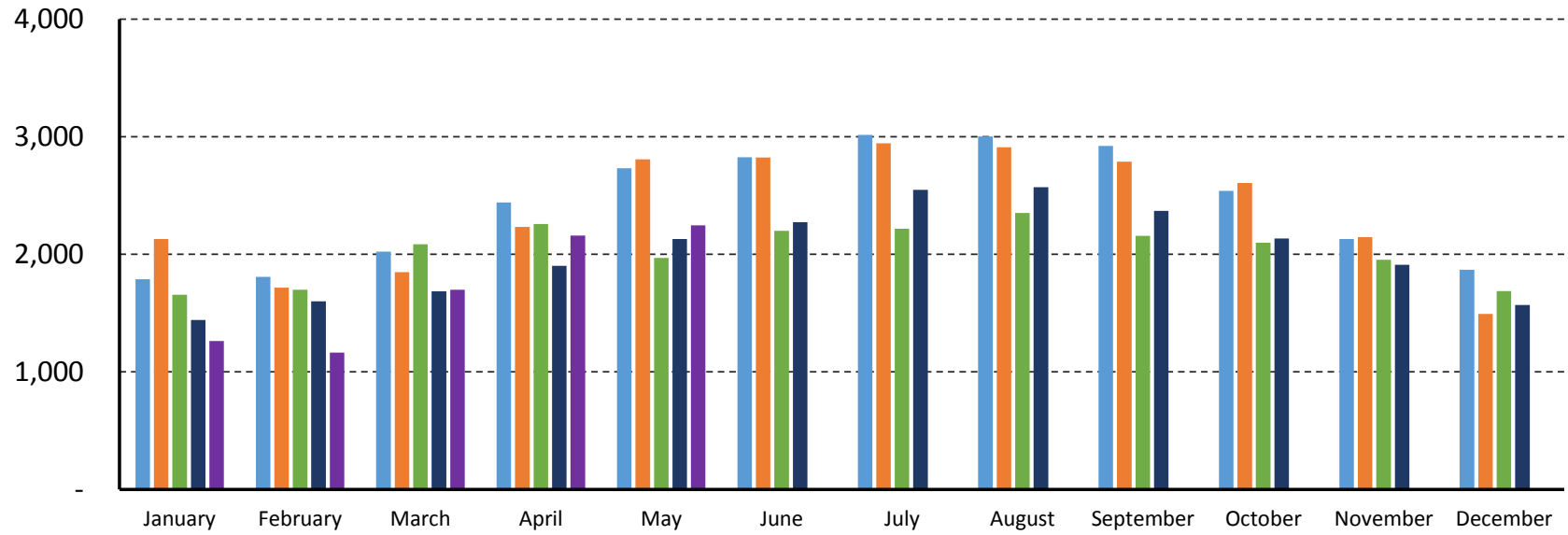
Based on review of all proposals, staff is recommending the District enter into an agreement with California Fuel and Lubricants, for a not-to-exceed amount of \$720,000 for a two-year agreement term with three optional one year terms at \$360,000 per year.

A draft service agreement is attached for reference. The District's standard ten day termination clause is included as a provision in the agreement.

Attachment: Fuel Delivery Service Agreement

AF

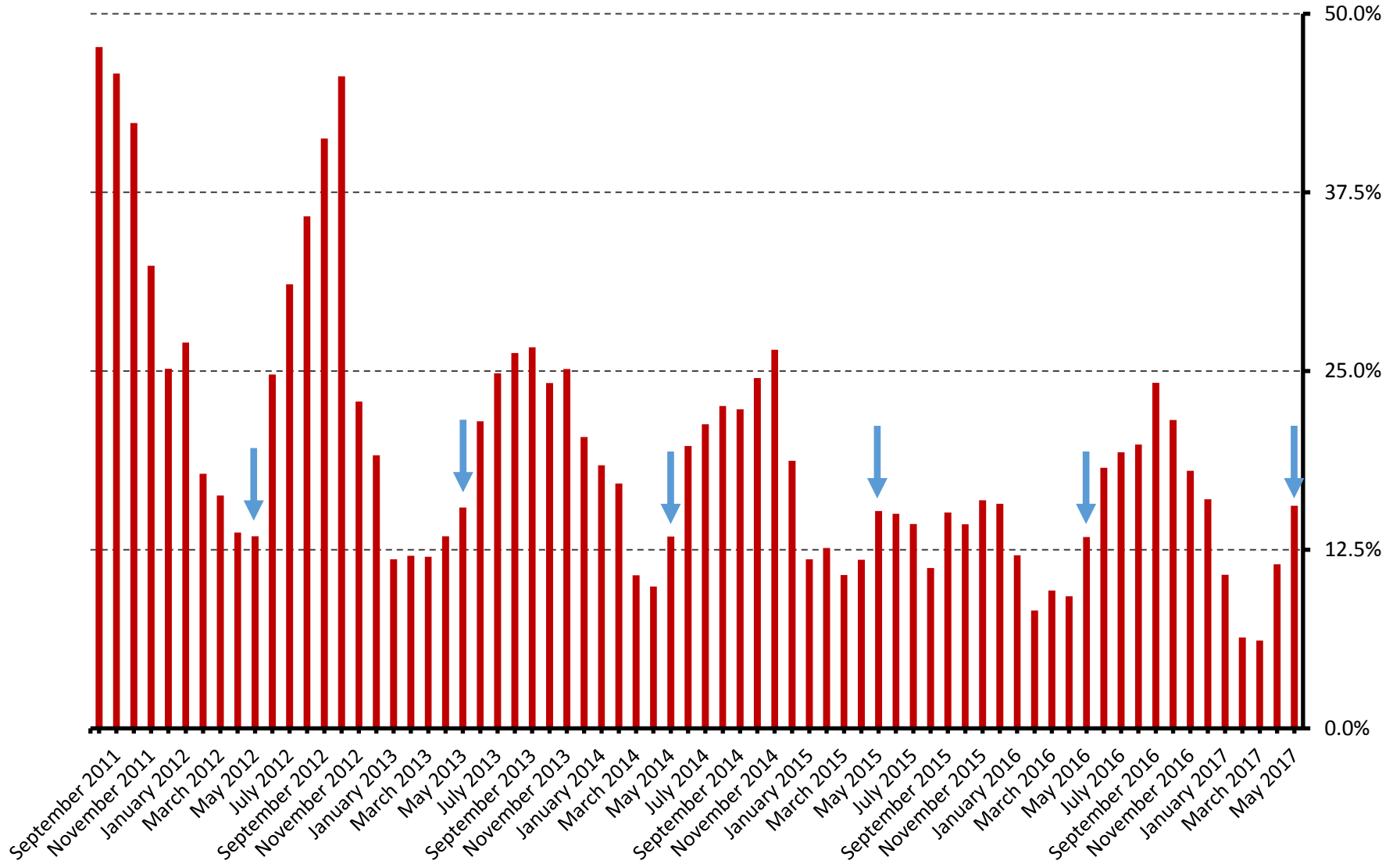
## Historical Monthly MNWD Water Purchases & Evapotranspiration



Year	ET (Inches)												
2013	2.54	2.88	4.08	4.79	5.99	6.07	5.81	6.53	5.26	3.92	2.52	2.49	
2014	2.82	2.64	4.09	5.54	6.39	6.45	6.54	6.23	5.21	3.94	3.16	1.91	
2015	2.52	3.02	4.96	5.31	4.48	5.75	5.69	6.27	5	3.88	3.24	2.35	
2016	1.87	3.82	3.98	5.16	4.63	5.77	6.77	5.97	4.51	3.23	2.75	1.89	
2017	1.96	1.75	4.24	5.17	4.7								

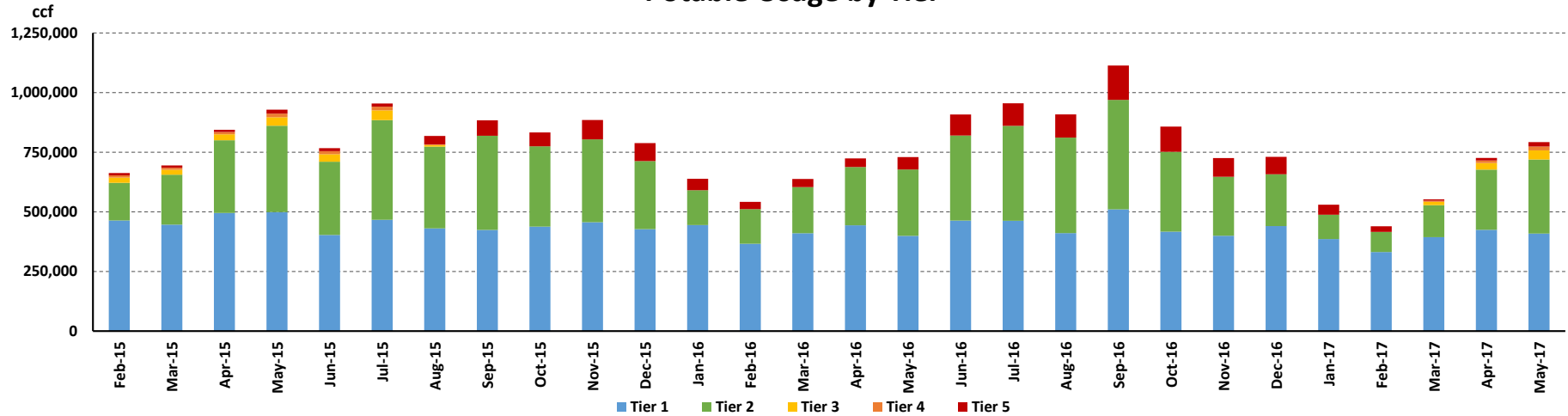
June 14, 2017

# Single Family Residential Accounts Above Tier 2



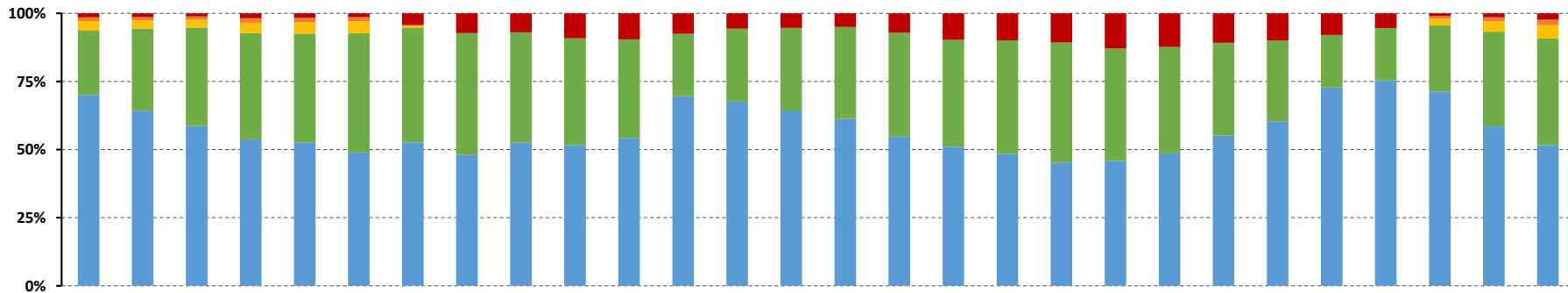
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## Potable Usage by Tier



AF in Tier 3, 4, 5	94	89	101	154	131	159	102	148	134	187	173	110	70	78	83	119	202	218	224	331	243	180	167	96	54	56	112	167
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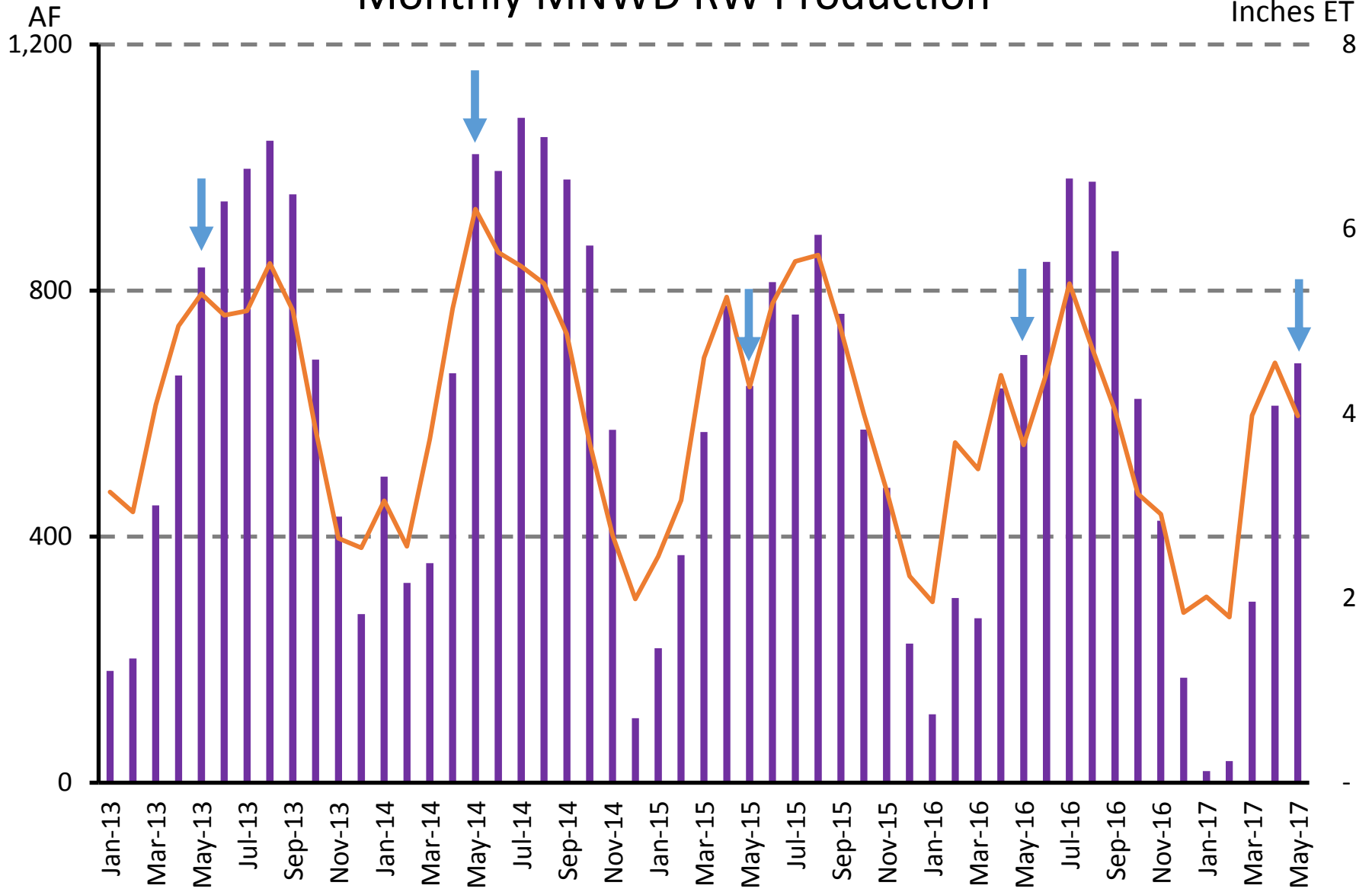
## Percent Potable Usage by Tier



	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Tier 5	1.5%	1.4%	1.1%	1.8%	1.6%	1.4%	4.3%	7.3%	7.0%	9.2%	9.6%	7.5%	5.6%	5.4%	5.0%	7.1%	9.7%	9.9%	10.7%	12.9%	12.4%	10.8%	10.0%	7.9%	5.4%	1.0%	1.5%	2.3%
Tier 4	1.4%	1.2%	1.1%	1.7%	1.7%	1.6%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	1.5%	2.0%
Tier 3	3.3%	3.0%	3.0%	3.8%	4.1%	4.3%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	3.8%	4.9%
Tier 2	23.8%	30.1%	36.1%	39.0%	40.0%	43.8%	41.9%	44.7%	40.4%	39.2%	36.2%	22.9%	26.8%	30.3%	33.7%	38.1%	39.3%	41.6%	44.0%	41.2%	39.1%	34.1%	29.7%	19.3%	19.2%	24.3%	34.8%	39.2%
Tier 1	70.0%	64.3%	58.7%	53.7%	52.6%	48.9%	52.6%	48.0%	52.6%	51.6%	54.3%	69.6%	67.6%	64.3%	61.3%	54.8%	51.0%	48.4%	45.2%	45.8%	48.6%	55.1%	60.3%	72.8%	75.4%	71.3%	58.5%	51.6%

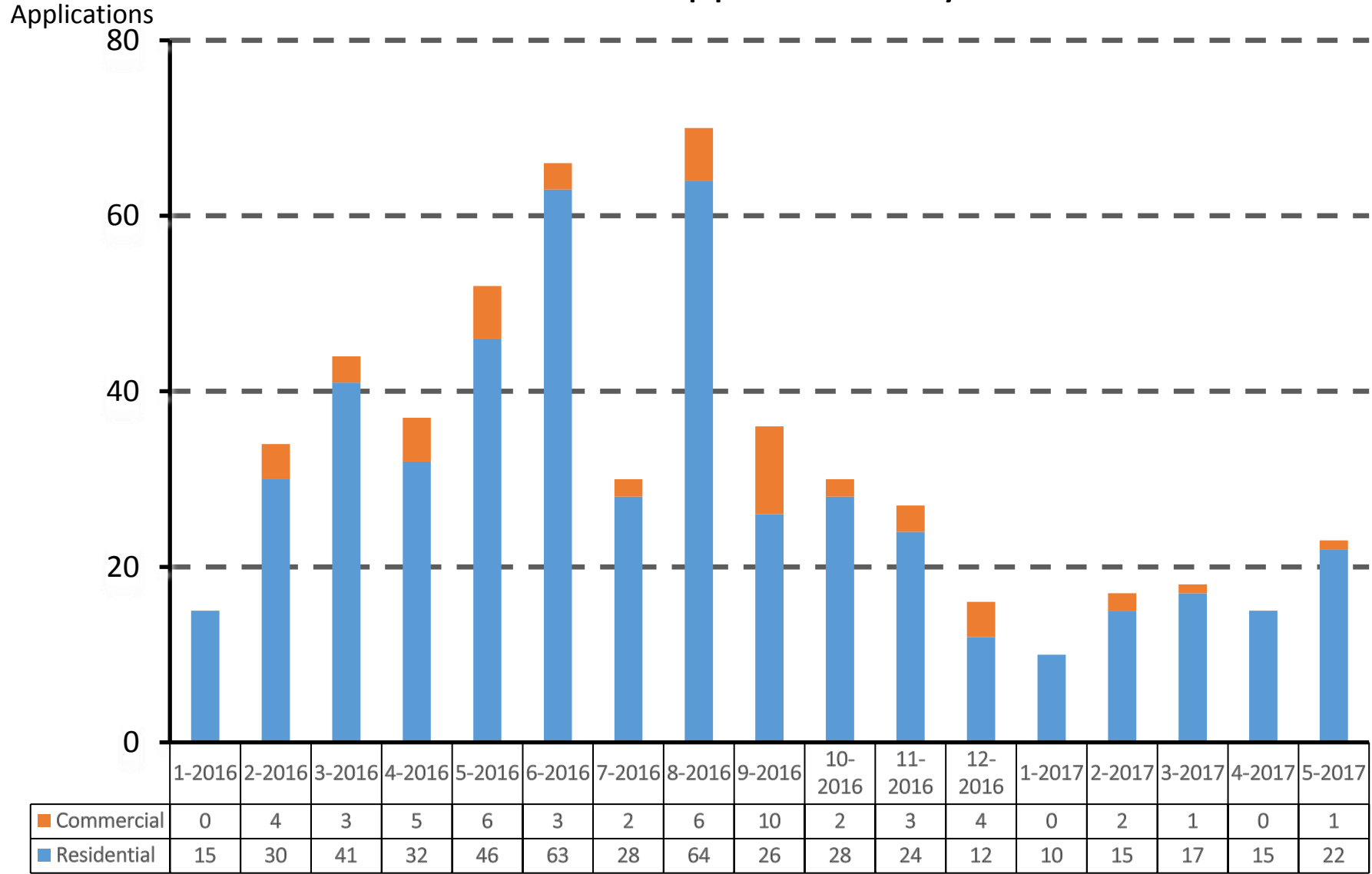
Tier 1 Tier 2 Tier 3 Tier 4 Tier 5

# Monthly MNWD RW Production



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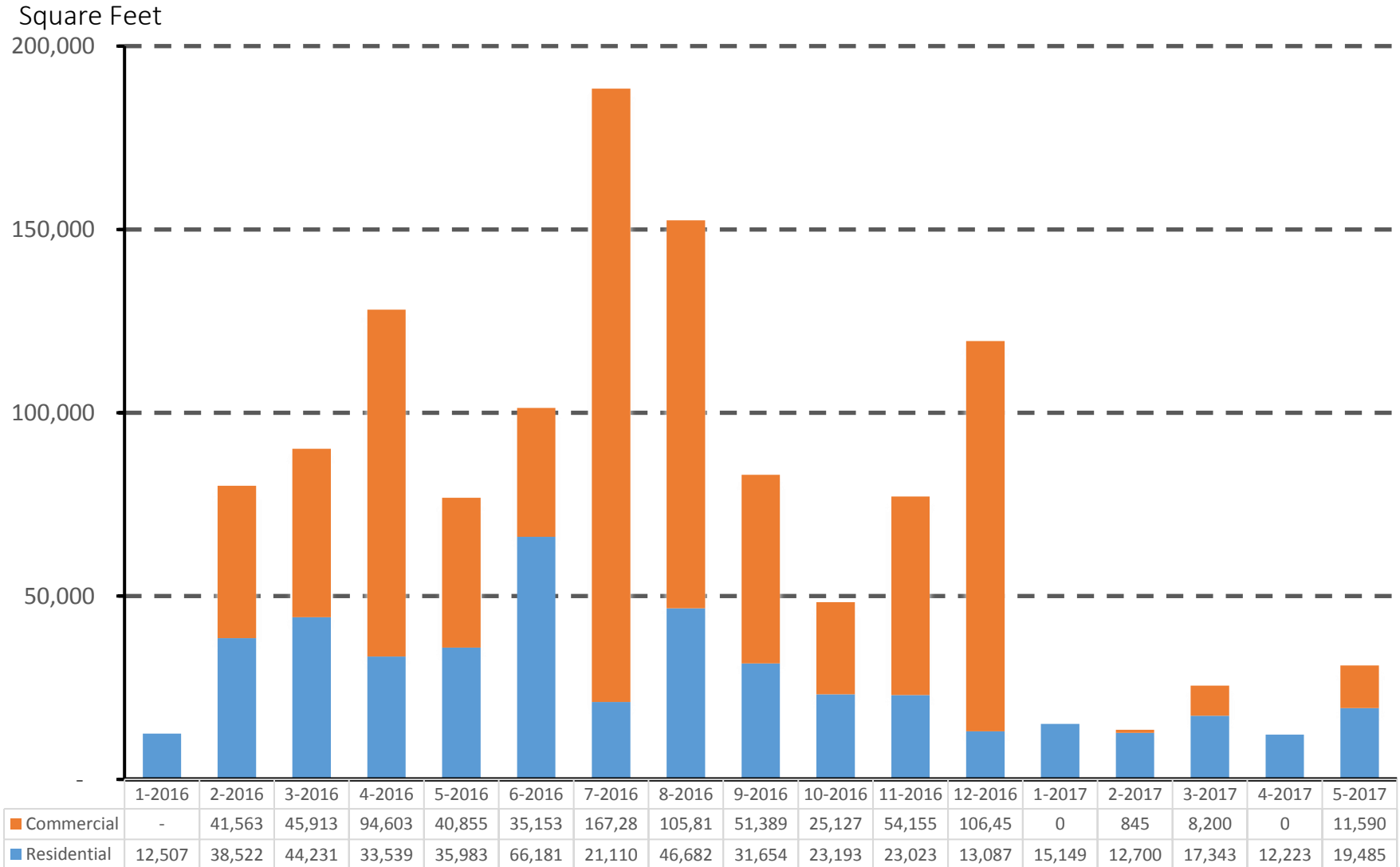
# Total Turf Removal Applications by Month



■ Residential ■ Commercial

June 14, 2017

# Total Turf Removal Application Size by Month

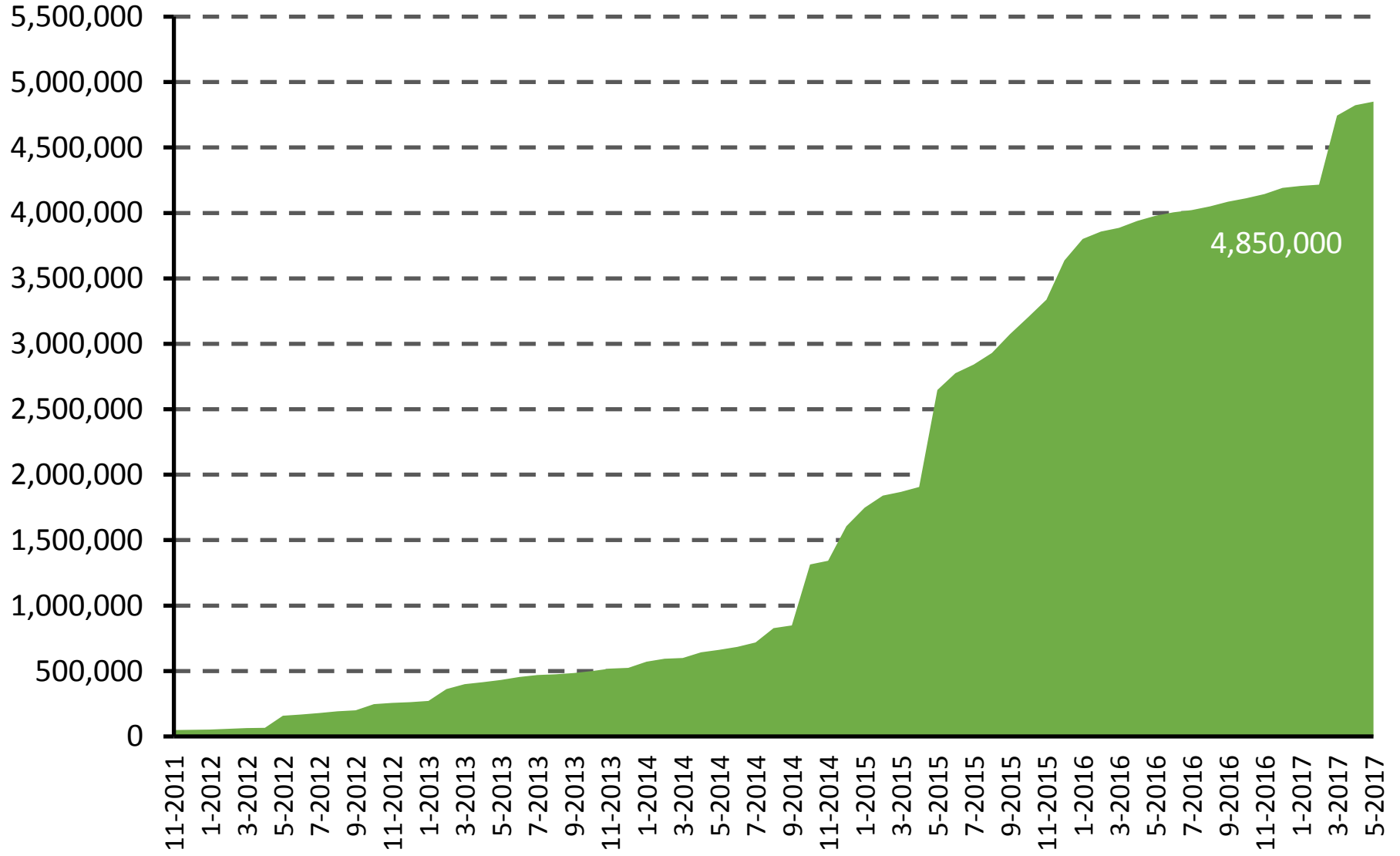


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Square Feet

# Total Turf Removed



June 14, 2017