



PURCHASE OF RENEWABLE DIESEL AND BULK FUELS

Public Works

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Finance Committee
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CITY OF
MODESTO
CALIFORNIA

BACKGROUND



Renewable Diesel and Bulk Fuels

- City manages various on-site bulk storage tanks for diesel and unleaded fuels used in buses, on-street fleet vehicles and non-public roadway powered equipment
- On-site fueling operations throughout the City
 - 15 fire stations (CoM and Oakdale)
 - Jefferson Corporation Yard; including Bus Maintenance
 - StanRTA reimburses the City for diesel used in the transit buses
 - Utilities
 - Sutter Primary Treatment Plant
 - Jennings Secondary Plant
 - Well and Tank sites
- 1339 pieces of equipment



Renewable Diesel and Bulk Fuels

- Invitation for Bids (IFB) 2324-94
 - Issued on August 27, 2024
- Prospective bidders were notified online and via email
- Ten companies downloaded the IFB document from PlanetBids
- Bids formally opened
 - October 1, 2024
 - Two companies responded
 - Both companies are local firms



Renewable Diesel and Bulk Fuels

- Lowest Responsive and Responsible Bidder Determination
 - Based off Mark-Up or Mark-Down per gallon – OPIS¹ Stockton Daily UBD² Low Rack
 - UBD Low Rack price changes daily
 - 50 sites (-\$0.12 per gallon off OPIS Bulk Pricing)
 - Approximately 127,000 gallons annually
 - 3 sites (\$0.06 per gallon above OPIS Bulk Pricing)
 - Approximately 18,500 gallons annually
 - 1 site (-\$0.20 per gallon off OPIS Bulk Pricing)
 - Approximately 676,591 gallons annually

1. OPIS, A Subsidiary of Dow Jones Company that provides pricing benchmarks for wholesale fuel
2. UBD, is the industry abbreviation for “unbranded” fuel



Renewable Diesel and Bulk Fuels - Previous Spending Activity

- Past five years activity

Fiscal Year	Annual Cost
FY 20/21	\$ 1,311,588
FY 21/22	\$ 2,518,331
FY 22/23	\$ 2,822,062
FY 23/24	\$ 2,949,471
FY 24/25 (YTD – January 2025)	\$ 1,685,098
Five Year Total	\$11,286,550



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FUTURE NEEDS AND FUNDING



Renewable Diesel and Bulk Fuels – Future Pricing Expectations

- January 1, 2025
 - Fuel costs incurred a \$0.65 per gallon price increase
 - Approximately 30% in tax base
- State Proposed Additional Tax Increase
 - Additional increase up to \$0.85 per gallon later in calendar year 2025
- Anticipated fuel consumption
 - Annual Total Not to Exceed: \$3,750,000
 - Five Year Not-to-Exceed: \$18,750,000



Renewable Diesel and Bulk Fuels - Anticipated Spending Activity

- Anticipated five years activity

Fund	Account Number	Annual Budgeted Amount
Fleet Services	5400-53255-52220	\$ 3,138,366
Water Fund	4100-45050-53100	\$ 11,604
Wastewater Fund	4210-44313-52220 4210-44314-52220	\$ 133,474
Oakdale Fire Department	0100-18212-52220	\$ 67,456
Ceres Fire Department	0100-18213-52220	\$ 67,155
Modesto Fire Department	0100-18610-52220	\$ 324,343
Modesto Police Department	0100-19430-52220	\$ 7,602
Annual Total Not to Exceed		\$ 3,750,000
Five Year Total Not to Exceed		\$18,750,000



RECOMMENDED COMMITTEE ACTION

- Motion recommending the Award of Bid and Purchasing Agreement for Renewable Diesel and Bulk Fuels to Hunt & Sons, LLC, Sacramento, California, for a two-year Agreement with three one-year extension options, for an annual estimated amount of \$3,750,000 and a total amount not to exceed \$18,750,000 over five years; and forwarding to Council for approval.



QUESTIONS?



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