



**THE PORT
OF LOS ANGELES**

Executive Director's
Report to the

Board of Harbor Commissioners

DATE: MAY 6, 2025

FROM: CONTRACTS AND PURCHASING

**SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT BID NO. F-1240 TO
PINNACLE PETROLEUM FOR REFORMULATED GASOLINE**

SUMMARY:

Staff requests approval of a one-year contract with two, one-year renewal options with Pinnacle Petroleum Inc. of Huntington Beach, CA for reformulated gasoline to be used in City of Los Angeles Harbor Department (Harbor Department) vehicles and equipment for an amount not-to-exceed \$750,000 per year, excluding sales tax. The Harbor Department will be financially responsible for payment of costs incurred under the proposed Contract.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve Contract Bid No. F-1240 with Pinnacle Petroleum Inc. for a term of one-year with two, one-year renewal options at an amount not-to-exceed \$750,000 per year, or a total of \$2.25 million, and authorize said expenditures;
3. Authorize the Executive Director and Board Secretary to execute and attest to Contract Bid No. F-1240; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background - The Harbor Department currently has an active fleet of 458 on-road vehicles and 431 pieces of off-road equipment such as generators, trailers, and construction equipment. Of the 458 vehicles, 295 vehicles use reformulated gasoline, 10 use diesel, 83 use CNG, 16 use LPG, 47 are Hybrid Gasoline Electric, and seven are All-Electric. Of the 431 pieces of equipment, 352 pieces of equipment use reformulated gasoline. This contract requires the selected vendor to supply and deliver all required

DATE: MAY 6, 2025

PAGE 2 OF 4

**SUBJECT: APPROVAL OF CONTRACT BID NO. F-1240 WITH PINNACLE
PRETROLEUM INC. FOR REFORMULATED GASOLINE**

reformulated gasoline to Harbor Department fueling facilities at Berth 161 in Wilmington and the Harbor Administration Building in San Pedro.

The Harbor Department receives per gallon discounts from the Oil Price Information Service (OPIS) rack pricing for delivered fuel. OPIS is a private, independent company with no stake in the increase or decrease in fuel prices. Businesses that need access to OPIS data and analysis pay subscription fees to access the information they need to make informed decisions. OPIS provides daily statistical analysis of the various refined oil products bought and sold in the open or spot market at the nation's top oil trading centers. The OPIS estimated cost figures are recognized as the industry standard for benchmarking for fuel purchases by large fleets. Large utilities, rental car companies, housing authorities, state and local governments, and private corporations buy and sell fuel based on OPIS spot market assessments. There is no cost to the Harbor Department for utilizing OPIS rack pricing for delivered fuel.

Selection Process – On February 12, 2025, the Harbor Department released a Request for Bids (RFB) for reformulated gasoline. The RFB was posted on the Harbor Department's website and the Regional Alliance Marketplace for Procurement (RAMP), the City's comprehensive online contractor/supplier registration and contract management system. The RFB was transmitted to 21 firms and was viewed and downloaded by 19 firms. The Harbor Department received two bids in response to the RFB. The Contracts and Purchasing Division (CPD) surveyed the 19 firms that downloaded the RFB but did not respond to the opportunity. Firms that did not submit a bid reported that providing independently-sourced proof of pricing (OPIS Sheets) with invoices was too burdensome, the insurance required was too excessive, or there were other competing priorities within the company.

Of the two bids received, Pinnacle Petroleum Inc. was the lowest responsible, responsive bidder offering the best per gallon price discount. Under the terms of the contract, the Harbor Department will receive a discount of \$.0739 per gallon from the OPIS rack pricing for fuel deliveries. It is recommended that the Harbor Department award Contract Bid No. F-1240 to Pinnacle Petroleum Inc. for a term of one-year with two, one-year renewal options at an amount not-to-exceed \$750,000 per year, for a total of \$2.25 million (Transmittal 1). The discount provided by Pinnacle Petroleum Inc. will remain constant throughout the term of the contract; however, the OPIS Rack Price will be subject to market fluctuations. Market fluctuations create a challenge in estimating fuel expenditures; however, it is estimated that \$750,000 per year provides enough of a margin to allow for possible fuel price surges should they occur given current levels of fuel use.

DATE: MAY 6, 2025

PAGE 3 OF 4

**SUBJECT: APPROVAL OF CONTRACT BID NO. F-1240 WITH PINNACLE
PRETROLEUM INC. FOR REFORMULATED GASOLINE**

ENVIRONMENTAL ASSESSMENT:

The proposed action is the award of Contract Bid No. F-1240 to Pinnacle Petroleum Inc. for reformulated gasoline to be used by the Harbor Department, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Contract authorizes the Harbor Department to expend a not-to-exceed amount of \$750,000 per year, for a total of \$2.25 million over three years for reformulated gasoline.

The following table shows reformulated gasoline expenditures over the last three fiscal years:

Fiscal Year	Gallons	Expenditures	Average Price per Gallon
2021-22	177,236	\$747,763.65	\$4.22
2022-23	175,687	\$692,707.36	\$3.94
2023-24	174,257	\$700,108.51	\$4.02
3 Year Avg.	175,727	\$713,526.51	\$4.06

Fiscal Year 2024-25 funding in the amount of \$750,000 has been budgeted within Account 552020 (Equipment Fuel), Division 32010 (C&M Administration). Funding for future fiscal years will be requested as part of the annual budget approval process. If all renewal options are exercised, the maximum authorized expenditures for the entire term of the Contract are for an amount not-to-exceed \$2.25 million. Actual Contract expenditures may be less than the Contract amount. In addition to the renewal options being at the Harbor Department's discretion, a funding out clause is also included in the Contract.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed Contract as to form and legality.

DATE: MAY 6, 2025

PAGE 4 OF 4

SUBJECT: APPROVAL OF CONTRACT BID NO. F-1240 WITH PINNACLE
PRETROLEUM INC. FOR REFORMULATED GASOLINE

TRANSMITTAL:

1. Harbor Department Contract Bid No. F-1240

FIS Approval: JS (initials)

CA Approval: SO (initials)



TRICIA CAREY
Director of Contracts and Purchasing



ERICA CALHOUN
Deputy Executive Director and
Executive Officer

APPROVED:

Erica M. Calhoun for

EUGENE D. SEROKA
Executive Director

Author: T. Carey