



**Item #17-8-6  
Action**

**SACOG Board of Directors**

August 10, 2017

**Executing a One-Year Extension of the Joint Fuel & Lubricants Contract with Hunt & Sons Inc.**

**Issue:** Should the Board authorize the CEO to execute the one-year extension option for the Joint Fuel & Lubricants Contract with Hunt & Sons Inc.?

**Recommendation:** As the Government Relations and Public Affairs Committee did not meet, this item is coming forward as an action item for full Board consideration.

**Discussion:** The current Joint Contract for Fuel and Lubricants is scheduled to end on October 1, 2017. In May 2014, the Board of Directors awarded a three-year contract with an option to extend two additional years to Hunt & Sons Inc. SACOG, with the assistance of local government procurement staff, recommended the award in the form of a pooled variable quantity contract available to local government agencies in the region. Eight local government agencies are using the contract. The pooled contract structure reduces indirect costs for Participating Agencies by foregoing their individual procurement process, and direct costs from bulk purchase through economies of scale.

In addition to extending the term, this amendment will include an enhanced pricing model for Participating Agencies who choose to source Renewable Diesel R-99. In 2015, the contract added Renewable Diesel R-99 with a price margin matched to the California Department of General Service's Renewable Diesel R-99 contract. According to the California Air Resources Board (CARB), Renewable Diesel R-99 presents an opportunity to reduce greenhouse gas (GHG) emissions by 50-85% as compared to standard ULS Diesel #2. Through improved logistics and an increased availability of supply, staff have renegotiated a price that will match Renewable Diesel to the Diesel #2 fuel margin listed in the original contract. The result will give Participating Agencies the opportunity to source Renewable Diesel, and reduce GHGs, without having to incur a larger cost.

Approved by:

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Chief Executive Officer

JC:CP:rh

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