



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8d

ACTION ITEM

Date of Meeting January 26, 2021

DATE: January 5, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Benny Austin, AVM Senior Manager
Daniel Alter, AVM Fleet Manager
Levi Clark, MM Fleet Manager

SUBJECT: Contract to Provide Auto Fuel for the Port of Seattle Fuel Locations

Amount of this request: \$7,750,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute an agreement between Port of Seattle and a vendor to provide fuel and fuel services to be used by gasoline or diesel-powered equipment including Fleet for both the Aviation and Maritime fuel locations. The contract amount shall not exceed \$7,750,000 and seven years.

EXECUTIVE SUMMARY

The Aviation Division, Maritime Division, and Environmental Department are partnered in developing the Sustainable Fleet Plan. This plan incorporates three objectives; meeting the operational needs of the divisions, reducing fleet cost, and reducing greenhouse gas (GHG) emissions from fleet vehicles. This plan will reduce but not eliminate greenhouse gases in the near term. As such, this contract is a component of and supports the Port Sustainable Fleet Plan.

Port fleet assets consume approximately 250,000 total gallons of fuel per year, with that total being split between Maritime and Aviation fueling locations. In 2019, the Maritime fuel site dispensed approximately 63,000 gallons of fuel (40,000 diesel/23,000 gasoline). The Aviation fuel site dispenses approximately 187,000 gallons of fuel per year (60,000 diesel/127,000 gasoline).

Executing this request would allow the Port to replace an expiring contract for the provision of gasoline, diesel, biodiesel, renewable diesel, and other alternative fuel options as they come available, for delivery to Port of Seattle fuel site locations.

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JUSTIFICATION

This will replace a contract that expires in 2021, which will allow for continued operations while including more options for alternative fuels that allow the Port to meet century goal agendas.

Diversity in Contracting

We have reached out and are working with the Diversity in Contracting Department to establish goals.

DETAILS

- (1) The current contract is expiring mid-year 2021.
- (2) The new agreement will take advantage of available alternative fuels and fuel standards to reduce emission impact while meeting fleet needs.
- (3) It is the Fleet Managers’ desire to get the lowest possible pricing for high quality renewable fuels, with the lowest carbon intensity (CI) available, and made from renewable feed stocks whenever possible.
- (4) The agreement should allow for unique blends of fuels so Port fleet assets may take advantage of the unique properties of each fuel blend and allow Fleet Managers to select the appropriate alternative fuel based on availability and application.
- (5) Fuel will be used for emergency use, backup generators, and boilers.

Scope of Work

The contract will include gasoline, diesel, biodiesel, renewable diesel, and other alternative fuel options as they come available and it shall include delivery to both Aviation and Maritime fuel site locations.

Activity

In-use date	2021 Quarter 2
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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Use public fuel locations in lieu of on-site fueling and vendor services.

Cost Implications: Fuel cost would increase, with lost labor time estimated at 3,750 hours spent traveling to and from public local fuel sites.

Pros:

- (1) Reduction of fuel stored on-site, reducing environmental concerns.
- (2) No need to maintain fuel infrastructure or spend money on inventory.

Cons:

- (1) Increase in labor cost and complexity to refuel vehicles on an individual basis.
- (2) Not all Port equipment is road legal and would extend downtime for possible critical equipment waiting on remote fueling.

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- (3) This alternative is reliant on public fuel locations in emergency cases.
- (4) The Port would need to issue out more Fleet fuel cards which complicates our ability to reconcile fueling, reduces data being collected, increases exposure to fraud, and reduces or eliminates the Port’s ability to procure alternative fuel vehicles.
- (5) Non road legal and specialty equipment would need fuel delivered to individual vehicles or groups, increasing cost per gallon and complexity of operations.
- (6) 5,000 on-site fueling transactions would be moved to public fuel sites.

This is not the recommended alternative.

Alternative 2 – Vendor provides services to fuel Port vehicles and equipment: fuel vendor would come on site with a fuel tanker to refuel Port vehicles on a scheduled basis.

Cost Implications: Cost would increase per gallon by about \$.25/gallon or about \$75,000/year.

Pros:

- (1) Reduction of Port labor time spent refueling Port vehicles and equipment.
- (2) No need to maintain fuel infrastructure or spend money on inventory.

Cons:

- (1) Vendor equipment and personnel would have to have access to Port property.
- (2) Increase in cost and complexity to refuel vehicles on an individual basis.
- (3) Difficult to correctly schedule enough supply without over-scheduling, increasing cost.
- (4) Additional risk of spills and fuel releases from mobile tanker.
- (5) Some Port properties do not allow wet hose/mobile fueling due to environmental regulations.

This is not the recommended alternative.

Alternative 3 – Execute an agreement between Port of Seattle and a vendor (cooperative agreement or competitive process) to provide fuel and fuel services to be used by gasoline or diesel-powered equipment including Fleet for both the Aviation and Maritime fuel locations.

Cost Implications: Would stay the same as the current state as the Port currently has a contract for fuel.

Pros:

- (1) Proven effective for current operations.
- (2) Port can select the type of fuel used in vehicles and equipment.

Cons:

- (1) Requires use of storage and space for onsite fuels.
- (2) Requires ongoing maintenance of Port fuel site infrastructure.

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

This will not increase cost to the Port as this is replacing a current fuel contract. Cost is expected to stay similar and fluctuate based on fuel consumption and price per gallon.

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$7,750,000	\$7,500,000
AUTHORIZATION			
Previous authorizations	0	\$0	\$0
Current request for authorization	0	\$7,500,000	\$7,500,000
Total authorizations, including this request	0	\$7,500,000	\$7,500,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

Fuel cost is an annually budgeted item for AVM, Fire, and MM through the Port budget process.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None