

RESOLUTION NO. 27848

WHEREAS, on recommendation of Management, there was presented for approval, Award of individual five (5)-year Contracts to [i] AAA Oil Inc. and [ii] Merrimac Petroleum Inc. covering supply and delivery of renewable diesel and unleaded gasoline fuels at Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$3,500,000 per contract; and

WHEREAS, the Los Angeles World Airports (LAWA) Facilities Management Division uses renewable diesel fuel for 62 vehicles and pieces of equipment that are either not available in an alternative fuel configuration or have not yet been replaced by an alternative fuel unit. Renewable diesel fuel meets all California Air Resources Board diesel fuel specifications. Renewable diesel is a fuel produced from non-petroleum renewable sources, including vegetable oils and animal fats. The chemical and structural properties of renewable diesel and conventional diesel are similar. Renewable diesel meets the federal registration requirements for fuels and fuel additives, and the American Society for Testing Materials D975-21 specification (Standard Specification for Diesel Fuel); and

WHEREAS, approximately 30% of the LAWA fleet uses unleaded gasoline (35 cars, 50 vans, 165 Sport Utility Vehicles, 30 motorcycles, 41 pick-up trucks, and 39 trucks), and 5% use diesel fuel (1 auto, 1 pick-up truck, 6 trucks, 25 various construction equipment, and 29 portable signs). The remaining 65% of LAWA's fleet use alternative fuels such as compressed natural gas, liquefied natural gas, battery-electric, and propane; and

WHEREAS, previously, LAWA conducted separate procurements for unleaded gasoline and diesel fuel contracts, but in the interest of administrative efficiency, it was determined that conducting one Request for Bids (RFB) with two (2) contract awards would be optimal; and

WHEREAS, LAWA received three (3) responses to the RFB 121-097, which was released to establish contracts for unleaded gasoline and renewable diesel fuel at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). The bid prices were based on the estimated annual purchase of unleaded gasoline and renewable diesel fuels for LAX and VNY, including net payment and Local Business Preference Program (LBPP) discount rates, as follows:

Vendor	Total of Bid as submitted on Bid Worksheet	LBPP Discount (8%)	Net Bid Total
Merrimac Petroleum Inc.	\$1,041,777	(\$83,342)	\$ 958,435
AAA Oil Inc.	\$1,063,655	none	\$1,063,655
SC Fuels	\$1,155,710	none	\$1,155,710; and

WHEREAS, based on staff's bid evaluation, analysis, and review of their submittal, Merrimac Petroleum Inc. and AAA Oil Inc. were deemed the lowest priced, responsive, and responsible bidders with regard to the bid amounts listed above and their submittal package; and

WHEREAS, the terms of the contracts will allow LAWA to purchase fuel at a competitive rate, even with fluctuating fuel prices. Award of two (2) contracts to purchase fuel (on an emergency/contingency basis) is necessary in the event of an unforeseen circumstance. For example, if one supplier cannot fulfill its contractual obligations for business or operational reasons,

LAX

Van Nuys

City of Los Angeles

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Beatrice C. Hsu  
Interim Chief Executive Officer



LAWA will still need the ability to purchase said type of fuel to ensure that critical operations continue; and

WHEREAS, the contractual rates are tied to the Oil Price Index Service (OPIS), which is used by both wholesalers and retailers to price their products. OPIS is the most widely accepted pricing index for wholesale rack prices. Benchmark OPIS gasoline and diesel rack prices are used in wholesale transactions and fuel supply contracts to give both buyers and sellers an independent and unbiased price to reference. There are about 400 rack pricing indexes in the United States, including the City of Los Angeles. Using the OPIS wholesale rack rate report method guarantees LAWA will obtain the most current, competitive rate during volatile oil price fluctuation cycles; and

WHEREAS, funds for the contracts are available in the Fiscal Year 2023-2024 LAWA Operating Budget in LAX Cost Center 1150053 – Landside & Airside Equipment Maintenance and in VNY Cost Center 1400003 – Construction & Maintenance Services; Commitment Item 522 – Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process; and

WHEREAS, this item, as a continuing administrative, maintenance and personnel-related activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. will comply with the provisions of the Affirmative Action Program; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. have been assigned Business Tax Registration Certificates 0002578037-0001-1 and 0000692695-0001-8, respectively; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. must each have approved insurance documents, in the terms and amounts required, on file with LAWA prior to issuance of their respective Notices to Proceed; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. have each submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. have been determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. have each submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. have each submitted the MLO CEC Form 50, and will comply with its provisions; and

WHEREAS, AAA Oil Inc. and Merrimac Petroleum Inc. will be required to comply with the provisions of the Iran Contracting Act; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; approved Award of individual five (5)-year Contracts to [i] AAA Oil Inc. and [ii] Merrimac Petroleum Inc. covering supply and delivery of renewable diesel and unleaded gasoline fuels at Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$3,500,000 per contract; and authorized the Interim Chief Executive Officer, or designee, to execute said individual Contracts with AAA Oil Inc. and Merrimac Petroleum Inc. after approval by the Los Angeles City Council and approval as to form by the City Attorney.

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I hereby certify that this Resolution No. 27848 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, December 7, 2023.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS