

Staff Report

for the Board of Directors Meeting of July 25, 2018

TO: Board of Directors

FROM: Marvin Davis, MBA, CPA, Finance Manager/Treasurer

DATE: July 3, 2018

SUBJECT: Fuel and Diesel Contract with Hunt & Sons Inc. – Extension (Consent)

Finance

RECOMMENDATION

Approve extension of the fuel and diesel contract with Hunt & Sons, Inc. for the District and authorize the General Manager to execute the necessary documents.

BACKGROUND:

The current fuel and diesel contract extension between NID and Hunt & Sons Inc. terminates on July 31, 2018. After negotiating with Hunt & Sons Inc. and performing pricing comparisons, staff secured the intent letter, holding current prices through July 31, 2023 under same terms and conditions.

This vendor continues to provide the District excellent service and fuel at a competitive price. Staff conducted a survey on June 13, 2018 with local city agencies to determine price comparisons. The attached survey details the findings of the local area survey demonstrating NID is getting a fair and competitive price.

We are currently paying \$0.041 cents over the Oil Price Information Service (OPIS) Rack average price per gallon for Unleaded and Diesel for the Sierra Nevada region. OPIS is the oil industry's price benchmark providing transparency across the global fuel supply chain enabling stakeholders the ability to buy and sell with confidence.

Due to this vendors understanding of the Districts' operations, price comparison survey and competitive price commitment, staff is sole sourcing this item.

BUDGETARY IMPACT:

The contract is covered in the 2018 chemicals budget at \$295,000.

Attachments:

- Letter from Josh Hunt of Hunt & Sons, Inc.
- June 13, 2018 Survey with Local Agencies
- 2018 Contract Extension with Hunt & Sons, Inc.
- 2012 Original Contract with Hunt & Sons, Inc.
- 2015 Contract Extension with Hunt & Sons, Inc.



Since 1946
www.huntson.com

Troy Texeira
Purchasing Department
Nevada Irrigation District

Re: Fuel Contract

Hi Troy,

Hunt & Sons, Inc. would be happy to extend the current NID fuel contract for an additional five years with no changes to the current price structure. We have enjoyed our business relationship and look forward to continuing it for many years to come. Thank you for the opportunity to continue working with the District and please let me know if you need any additional information.

Thanks,

Josh

Josh Hunt
CEO
Hunt & Sons, Inc.

5750 So. Watt Avenue
P. O. Box 277670
Sacramento, CA 95827



(916) 383-4868
(800) 734-2999
fax (916) 383-1005

Fuel Survey as of 6/3/2015

Organization	Contact	Phone	Name of Fuel Supplier	OPIS		
				Rack Avg	Diesel	Notes
City of Grass Valley	Trish Buti	274-4313	Hunt & Sons Card Lock	Flux	Flux	Price Fluctuates; No Fixed Price
Nevada County (Finance)	Diana Wilburn	265-1238 (Ext 3)	Hunt & Sons Card Lock	0.10	0.10	Hunt & Sons Contract Price
Placer County Water Agency	Todd Ducun	823-4877	Going to SAGOG Contract	0.069	0.069	SACOG Contract
Nevada Irrigation District	Troy Texeira	271-6895	Hunt & Sons Above Ground Tanks	0.041	0.041	Hunt & Sons Contract

Hunt and Sons fuel cost to NID is .028 less than SACOG Agreement

The Sacramento Area Council of Governments (SACOG) is an association of local governments in the six-county Sacramento region. Its members include the counties of El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba and the 22 cities within.

NEVADA IRRIGATION DISTRICT

**ADDENDUM
TO
AGREEMENT FOR GASOLINE AND DIESEL FUEL SERVICES**

This ADDENDUM amends the AGREEMENT between NEVADA IRRIGATION DISTRICT, a political subdivision of the State of California, 1036 West Main Street, Grass Valley, California 95945-5424, and HUNT & SONS, INC., a California corporation, PO Box 1012, South Auburn Street, Grass Valley, California, 95945-4301, for a public service titled "GASOLINE AND DIESEL FUEL SERVICES" dated August 1, 2012, as follows:

TERM:

The term of the AGREEMENT (Paragraph 16) shall commence on August 1, 2018 through July 31, 2023.

All other terms and conditions of the AGREEMENT shall remain in place, in accordance with the AGREEMENT between DISTRICT and SUPPLIER dated the 1st day of August, 2012.

This ADDENDUM is executed by and on behalf of the parties hereto in the year and day first written above. The signatories certify that they possess the authority to execute this ADDENDUM for their respective institutions.

HUNT & SONS, INC.

NEVADA IRRIGATION DISTRICT

By _____
Josh M. Hunt, General Manager
Hunt & Sons, Inc.

By _____
Remleh Scherzinger, General Manager
Nevada Irrigation District

Date _____

Date _____

NEVADA IRRIGATION DISTRICT
AGREEMENT FOR
GASOLINE AND DIESEL FUEL SERVICES

This AGREEMENT, made and entered into this 1st day of August, 2012 by and between NEVADA IRRIGATION DISTRICT, a political subdivision of the State of California, 1036 West Main Street, Grass Valley, California 95945-5424, hereinafter called the "DISTRICT," and HUNT & SONS, INC., a California corporation, P. O. Box 1012, 720 South Auburn Street, Grass Valley, California 95945-4301, hereinafter called the "SUPPLIER," for a public service titled "GASOLINE AND DIESEL FUEL SERVICES."

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, IT IS AGREED AS FOLLOWS:

1. The SUPPLIER AGREES to perform the public services titled above in accordance with the terms contained herein, and all amendments, changes or modifications as may be approved in advance and in writing from the DISTRICT.
2. The DISTRICT AGREES to pay for the cost of such performance, which shall constitute the full sum due to the SUPPLIER for such performance as follows:

<i>Location</i>	<i>Type Of Fuel</i>	<i>Cost/Gallon*</i>
Grass Valley Yard 1036 West Main Street, Grass Valley	Unleaded, Regular Gasoline	<u>\$ 0.041</u>
	No. 2 Diesel	<u>\$ 0.041</u>
Placer Yard, 1900 Gold Hill Road, Newcastle	Unleaded, Regular Gasoline	<u>\$ 0.041</u>
	No. 2 Diesel	<u>\$ 0.041</u>
Hydro Headquarters, 28311 Secret Town Road, Colfax	Unleaded Regular Gasoline	<u>\$ 0.041</u>
	No. 2 Diesel	<u>\$ 0.041</u>
Bowman Lake, 18400 Bowman Lake Road, Nevada City	Unleaded Regular Gasoline	<u>\$ 0.045</u>
	No. 2 Diesel	N/A
Bear Valley, 11151 Bowman Lake Road, Nevada City	Unleaded Regular Gasoline	<u>\$ 0.045</u>
	No. 2 Diesel	<u>\$ 0.045</u>
Fuller Lake, 13151 Bowman Lake Road, Nevada City	Unleaded Regular Gasoline	N/A
	No. 2 Diesel	<u>\$0.045</u>
Scotts Flat Lake, 23333 Scotts Flat Road, Nevada City	Unleaded Regular Gasoline	<u>\$ 0.041</u>
	No. 2 Diesel	N/A
Orchard Springs Campground, 19085 Larsen Road, Chicago Park	Unleaded Regular Gasoline	<u>\$ 0.041</u>
	No. 2 Diesel	N/A
Long Ravine Campground 26909 Rollins Lake Road, Colfax	Unleaded Regular Gasoline	<u>\$ 0.041</u>
	No. 2 Diesel	N/A

(*) Cost/Gallon In Addition To OPIS Rack Price, and shall include all delivery and incidental cost, except California Gasoline and Diesel Tax, Federal L.U.S.T. and Superfund Tax, AB32#1 and #2 fees.

In the event that storage capacities are expanded at any of the facilities and full truckload deliveries are possible, then \$0.005 per gallon will be subtracted from the above-stated prices.

Terms of Payment: net fifteen (15) days from receipt of invoice.

3. The SUPPLIER AGREES to notify the DISTRICT of any changes in price. These said changes will remain consistent with the changes in the average Sacramento Rack Price as reported by the "Oil Price Information Service" (OPIS). All notices of price adjustments shall include a copy of the "Oil Price Information Service" publication reporting the price adjustment and the effective date. The price adjustment notices must show the price for each delivery point and the notices must be submitted to the DISTRICT'S Purchasing Department within four (4) days of the publication change. Increase and decreases shall be effective the date of the change.

4. The SUPPLIER AGREES to schedule deliveries that result in the DISTRICT'S storage tanks not falling below fifteen percent (15%) of rated capacity.

a. Deliveries shall be made in metered trucks and accompanied by a drop tag stating tank size, reading, quantity delivered, point of delivery, and signature of delivery driver.

b. Upon telephone notice, the SUPPLIER AGREES to make a delivery within twenty four (24) hours. Failure to deliver within the stated 24-hour period may be cause for termination of this agreement.

5. The SUPPLIER AGREES to supply fuels that meet the following State of California and Nevada Irrigation District specifications (attached):

a. Gasoline, Unleaded Regular – State of California Specification #9102-1058

b. Diesel Fuel, Type 2-D – State of California Specification #9102-1059

Failure to meet these specifications may be cause for termination of this agreement.

6. The SUPPLIER AGREES to allow the DISTRICT, at its discretion, to draw a one (1) gallon sample of fuel. The DISTRICT reserves the right to have the sample analyzed by an independent testing laboratory. Should the analysis indicate that the fuel does not meet the DISTRICT'S specifications, the SUPPLIER AGREES to remove the fuel from the storage tanks and replace it.

7. The SUPPLIER AGREES to supply separate invoices, statements and price change notifications to both Nevada Irrigation District, 1036 West Main Street, Grass Valley, California 95945-5424 (for deliveries to Grass Valley and Newcastle) and to Nevada Irrigation District, Hydro Division, 28311 Secret Town Road, Colfax, California 95713-947 for deliveries to Secret Town Road, Bowman Lake, Bear Valley and Fuller Lake). Also to the Recreation Division 23333 Scotts Flat Road, Nevada City, CA 95959) for deliveries to Scotts Flat, Orchard Springs and Long Ravine).

8. The SUPPLIER AGREES to save harmless and to indemnify the DISTRICT from every claim or demand which may be made for any injury or death or damage to property caused by the SUPPLIER in the performance of this agreement.

a. Such duty shall be irrespective of the date upon which the claim or demand is asserted.

b. If any judgment is rendered against the DISTRICT for any injury, death or damage caused by the SUPPLIER in the performance of this contract, the SUPPLIER shall, of his own expense, satisfy and discharge any judgment.

c. The SUPPLIER AGREES that it shall immediately notify the SUPPLIER'S insurance carrier of any incident occurring during the performance of this contract which may result in a claim of liability.

9. Insurance Requirements: The SUPPLIER shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the SUPPLIER, his agents, representatives, employees or sub-contractors. The cost of such insurance shall be included in the SUPPLIER's bid.

a. Minimum Scope of Insurance: Coverage shall be at least as broad as:

1) Insurance Services Office Commercial General Liability Coverage, "OCCURRENCE" form CG 00001 1185.

2) Insurance Services Office Business Auto Coverage Form CA 00010187 covering Automotive Liability, Code I "Any Auto" and Endorsement CA 00291288 Changes in Business Auto and Truckers Coverage Forms – Insured Contract.

3) Workers' Compensation Insurance, as required by the Labor Code of the State of California, and Employers' Liability Insurance.

b. Minimum Limits of Insurance: The SUPPLIER shall maintain limits no less than:

1) General Liability: \$2,000,000.00 combined single limit per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location, or the general aggregate limit shall be twice the required occurrence limit.

2) Automotive Liability: \$2,000,000.00 combined single limit per accident for bodily injury and property damage.

3) Workers' Compensation and Employers' Liability: Workers' Compensation limits, as required by the Labor Code of the State of California, and Employers' Liability limits of \$1,000,000.00 per accident.

10. In the event of emergencies or natural disasters such as fire, flood, blizzard, strike, accident, consequences of foreign or domestic war, or any other cause beyond the control of the parties to the resulting agreement which will delay or interfere with the use or delivery of the products described in this agreement, deliveries under said agreement may, at the option of either party, be suspended during the period required to remove the cause or repair the damage. The DISTRICT reserves the right to acquire from other sources any products necessary for the proper operation of its business during any suspension of agreement pursuant to circumstances outlined in Section 10.

11. Except as stated in Section 10, any purchase agreement resulting from this bid may be canceled by the DISTRICT upon thirty (30) days advance notice in writing. If the SUPPLIER fails to meet the terms of the purchase agreement, the DISTRICT may purchase products similar to those not delivered, and SUPPLIER shall be liable to the DISTRICT for any excess costs above the purchase agreement price.

12. The DISTRICT recognizes that the SUPPLIER'S obligation to perform is subject to modification and reduction in accordance with any federal, state or local government program governing the allocation of products by the SUPPLIER which may occur during the term of the agreement. In the event of such programs, the DISTRICT may be required to terminate the agreement on the effective date of the allocation program.

13. This agreement shall not be assigned by the SUPPLIER either voluntarily or by operation of law without the written approval of the DISTRICT, and shall not become an asset in any bankruptcy, receivership, or guardianship proceedings.

14. The SUPPLIER shall maintain, at all times, complete, detailed records with regard to price changes, and shall permit the DISTRICT to inspect those records at reasonable times for the purpose of determining the nature of those changes. The SUPPLIER shall also maintain a running total of Nevada Irrigation District's fuel purchases by product and gallon.

15. In the event any item furnished by the SUPPLIER in the performance of the Contract should fail to conform to the specifications therein, the DISTRICT may reject the same, and it shall there upon become the duty of the vendor to reclaim and remove the same forthwith, without expense to the DISTRICT, and immediately to replace all such rejected items with other conforming to such specifications or samples; provided that should the SUPPLIER fail, neglect or refuse to do so, the DISTRICT shall thereupon have the right to purchase in the open market, in lieu thereof, a corresponding quantity of any such items and to deduct from any monies due or that may thereafter become due to the SUPPLIER the difference between the price named in the contract and the actual thereof to the DISTRICT.

a. In the event the SUPPLIER shall fail to make prompt delivery as specified of any item, the same conditions as to the DISTRICT to purchase in the open market and to reimbursement set forth above shall apply, except when delivery is delayed by fire, strike, freight embargo, act of God, or of the government.

b. In the event of the cancellation of the contract or purchase agreement, in whole or in part, by reason of the default or breach thereof by SUPPLIER, any loss or damage

sustained by the DISTRICT in procuring items which the SUPPLIER therein agreed to supply shall be borne and paid for by the SUPPLIER.

c. The rights and remedies of the DISTRICT provided above shall not be exclusive and are in addition to any other rights and remedies provided by law or under the contract.

16. The term of this agreement shall commence on August 1, 2012 and terminate on July 31, 2015.

IN WITNESS WHEREOF, this agreement is executed by and on behalf of the parties hereto in the year and day first written above. The signatories certify that they possess the authority to execute this agreement for their respective institutions.

HUNT & SONS, INC.

NEVADA IRRIGATION DISTRICT

By: *Joshua M. Hunt*
(Signature)

By: *Ron Nelson*
(Signature)

Joshua M. Hunt General Manager
(Printed Name and Title)

RON NELSON GR/DIR
(Printed Name and Title)

NEVADA IRRIGATION DISTRICT

**ADDENDUM
TO
AGREEMENT FOR GASOLINE AND DIESEL FUEL SERVICES**

JULY 22, 2015

This ADDENDUM amends the AGREEMENT between NEVADA IRRIGATION DISTRICT, a political subdivision of the State of California, 1036 West Main Street, Grass Valley, California 95945-5424, and HUNT & SONS, INC., a California corporation, PO Box 1012, South Auburn Street, Grass Valley, California, 95945-4301, for a public service titled "GASOLINE AND DIESEL FUEL SERVICES" dated August 1, 2012, as follows:

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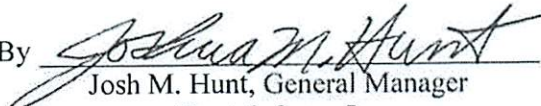
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HUNT & SONS, INC.

NEVADA IRRIGATION DISTRICT

By


Josh M. Hunt, General Manager
Hunt & Sons, Inc.

By

Remleh Scherzinger, General Manager
Nevada Irrigation District

Date

7/22/15

Date

NEVADA IRRIGATION DISTRICT

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HUNT & SONS, INC.

By _____
Josh M. Hunt, General Manager
Hunt & Sons, Inc.

NEVADA IRRIGATION DISTRICT

By  _____
Renleh Scherzinger, General Manager
Nevada Irrigation District

Date _____

Date 7/22/15 _____