

AGENDA ITEM NO.

COUNCIL MEETING: Mar. 24, 2009

APPROVED BY

  
DEPARTMENT DIRECTOR

CITY MANAGER

March 24, 2009

**FROM:** KENNETH A. NERLAND, Director  
General Services Department

**BY:** JAMES H. SCHAAD, Manager  
Fleet Management Division 

**SUBJECT:** AWARD A REQUIREMENTS CONTRACT IN THE AMOUNT OF \$456,145.41 TO  
GENERAL PETROLEUM CORP. OF FRESNO, CA FOR MOTOR OILS AND LUBRICANTS  
BID FILE NO. 9043

**KEY RESULT AREA:** Customer Service

### RECOMMENDATIONS

Staff recommends that the City Council award a one year requirements contract, with provisions for two one-year extensions, for motor oils and lubricants in the amount of \$456,145.41 to General Petroleum Corp. of Fresno, CA.

### EXECUTIVE SUMMARY

The General Services Department, Fleet Management Division, is seeking to establish a requirements contract for the purchase of motor oils and lubricants. Motor oils and lubricants are necessary supplies to maintain the City's nearly 2,000 pieces of equipment that supports the various operational departments of the city, such as public safety (police and fire), public utilities (water/sewer/refuse) and public works (streets, median islands). A requirements contract was determined to be the most cost effective and efficient way to acquire these products. The allocation for oils and lubricant expenditures from fiscal year 2007 through 2009 were \$465,000. The contract price, as bid by the lowest responsive bidder is \$655,408.26, for a period of three years. The current bid specification, however, included pricing for \$199,262.85 in synthetic blend oils, which were not included in previous contracts (Fleet Management added these blends to the bid specification to provide the City with an option to utilize these blends in place of conventional oils if it proved cost effective to do so). Comparison of bid pricing less the amount bid for synthetic blend oils (\$456,145.41) shows that the low bidder still has lowest cost pricing in comparison to other bidders, and pricing that is consistent with historical appropriations. Comparison of high dollar volume oil commodities of this contract to previous contract purchases shows an expected savings of 4% over the previous contract pricing.

### KEY OBJECTIVE BALANCE

The requirements contract to purchase motor oils and lubricants will balance all the Key Objectives. Customer Satisfaction, Employee Satisfaction, and Financial Management will be enhanced because the use of high quality motor oils and lubricants will protect vital vehicle components thereby reducing service interruptions, downtime, and operating costs.

**BACKGROUND**

The General Services Department, Fleet Management Division, is seeking to establish a requirements contract for the purchase of motor oils and lubricants. Motor oils and lubricants are necessary supplies to maintain the City's nearly 2,000 pieces of equipment that supports the various operational departments of the city, such as public safety (police and fire), public utilities (water/sewer/refuse) and public works (streets, median islands). A requirements contract was determined to be the most cost effective and efficient way to acquire these products.

Specifications were prepared and sent out to twenty (20) prospective bidders. A Notice Inviting Bids was published on December 22, 2008, and posted on the City's website. Four (4) bid proposals were received at a public bid opening on December 30, 2008. Bid amounts ranged from \$421,685.84 to \$908,655.33. The bid proposal from Certified Laboratories NCH Corp. in the amount of \$421,685.84 failed to bid all required items and is non-responsive to City of Fresno specifications. The bid proposal from General Petroleum Corp. of Fresno, CA in the amount of \$655,408.26 is the lowest responsive bid proposal for this project. This staff determination was posted on the City's website on March 9, 2009.

The allocation for oils and lubricant expenditures from fiscal year 2007 through 2009 were \$465,000. The contract price, as bid by the lowest responsive bidder is \$655,408.26, for a period of three years. The current bid specifications, however, included pricing for \$199,262.85 in synthetic blend oils, which were not included in previous contracts (Fleet Management added these blends to the bid specification to provide the City with an option to utilize these blends **in place** of conventional oils if it proved cost effective to do so). Comparison of bid pricing less the amount bid for synthetic blend oils (\$456,145.41) shows that the low bidder still has lowest cost pricing in comparison to other bidders, and pricing that is consistent with historical appropriations. Comparison of high dollar volume oil commodities of this contract to previous contract purchases shows an expected savings of 4% over the previous contract pricing.

Staff recommends that the City Council award a one year requirements contract, with provisions for two one-year extensions, for motor oils and lubricants in the amount of \$456,145.41 to General Petroleum Corp. of Fresno, CA.

**FISCAL IMPACT**

Funding is available for motor oil and lubricants purchases in the Fleet Operations appropriations approved in the Adopted FY 09 Budget.

Attachments: Fiscal Impact Statement  
Evaluation of Bid Proposals

FISCAL IMPACT STATEMENT

ORGANIZATION: GENERAL SERVICES –Fleet Management Division - Fund: 50501 Org. 530401

<u>RECOMMENDATION</u>	<u>TOTAL OR CURRENT FY</u>	<u>ANNUALIZED COST</u>
Direct Cost	<u>\$456,145.40</u>	<u>\$152,048.47</u>
Indirect Cost	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL COST	<u>\$456,145.40</u>	<u>\$152,048.47</u>
Additional Revenue or Savings Generated	<u>\$ 0</u>	<u>\$ 0</u>
Net City Cost	<u>\$456,145.40</u>	<u>\$152,048.47</u>
Amount Budgeted (If none budgeted, identify source)	<u>\$525,000.00</u>	<u>\$175,000.00</u>

**EVALUATION OF BID PROPOSALS**

FOR: REQUIREMENTS CONTRACT FOR MOTOR OILS AND LUBRICANTS (REBID)

Bid File No. 9043  
Bid Opening: 12/30/08

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<b>BIDDER'S</b>	<b>NET BID AMOUNT</b>
General Petroleum Corp 2822 S Orange Ave Fresno, CA 93725	Section I \$476,738.07 Section II \$116,247.41 Section III \$57,239.98 Section IV \$5,182.80 Total I-IV \$655,408.26
Certified Laboratories NCH Corp P.O. Box 2493 Fort Worth, TX 76113-2493	<b>Partial</b> Section I \$297,761.55 <b>Partial</b> Section II \$97,205.79 <b>Partial</b> Section III \$26,718.50 <b>No Bid</b> Section IV \$0.00 Total I-IV \$421,685.84*
Robert V Jensen Inc. 4029 S Maple Ave Fresno, CA 93725	<b>Partial</b> Section I \$562,308.62 Section II \$118,325.32 Section III \$64,425.98 Section IV \$4,163.52 Total I-IV \$749,223.44*
Vanderpol Enterprises 4895 S Airport Way Stockton, CA 95206	<b>Partial</b> Section I \$718,528.84 Section II \$114,620.66 Section III \$71,117.73 Section IV \$4,388.10 Total I-IV \$908,655.33*

\*Bidders were required to bid all items to be eligible.

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Each bidder has agreed to allow the City ninety (90) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, January 28, 2009, 5:00 P.M.

The allocation for oils and lubricant expenditures from fiscal year 2007 through 2009 were \$465,000. The contract price, as bid by the lowest responsive bidder is \$655,408.26, for a period of three years. The current bid specification, however, included pricing for \$199,262.85 in synthetic blend oils, which were not included in previous contracts (Fleet Management added these blends to the bid specification to provide the City with an option to utilize these blends **in place** of conventional oils if it proved cost effective to do so). Comparison of bid pricing less the synthetic blend oils (\$456,145.41) shows that the low bidder still has lowest cost pricing in comparison to other bidders, and pricing that is consistent with historical appropriations. Comparison of high dollar volume oil commodities of this contract to previous contract purchases shows an expected savings of 4% over the previous contract pricing.

**EVALUATION OF BID PROPOSALS**

FOR: REQUIREMENTS CONTRACT FOR MOTOR OILS AND LUBRICANTS (REBID)

Bid File No. 9043  
Bid Opening: 12/30/08

**BACKGROUND OF PROJECT** (To be completed by Evaluating Department/Division. Explain need for project/equipment):

Motor oils and lubricants are necessary supplies to maintain the City's nearly 2,000 pieces of equipment. Equipment supports the various operational departments of the city, such as public safety (police and fire), Public utilities (water/sewer/refuse) and public works (streets, median islands).

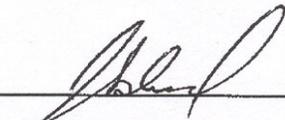
**DEPARTMENT CONCLUSIONS AND RECOMMENDATION:**

Award a contract in the amount of \$ 456,145.41 for all bid items less the amount bid for synthetic oils  
To General Petroleum Corp.  
as the lowest responsive and responsible bidder.

Remarks:

Reject all bids. Reason:

Division Head Approval

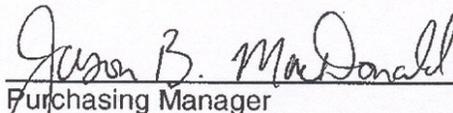
  
\_\_\_\_\_  
Title Fleet Manager

Date 3/9/09

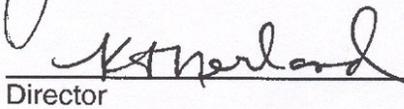
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| <input checked="" type="checkbox"/> Approve Dept. Recommendation | <input type="checkbox"/> Approve GSD/Purchasing Recommendation |
| <input type="checkbox"/> Disapprove                              | <input type="checkbox"/> Disapprove                            |
| <input type="checkbox"/> See Attachment                          |  |

GENERAL SERVICES DEPARTMENT

CITY MANAGER

  
\_\_\_\_\_  
Purchasing Manager                      3/10/2009  
Date

  
\_\_\_\_\_  
City Manager or Designee              3/11/09  
Date

  
\_\_\_\_\_  
Director                                      3/10/09  
Date