



STAFF REPORT

DATE: March 15, 2022

TO: Kent Cagle, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Award of Bid #22-13 Petroleum Products and Diesel Exhaust Fluid to American Lube Supply

BACKGROUND AND FINDINGS:

On October 30, 2018, City Council awarded Bid #19-02 to American Lube Supply for petroleum products and Arnold Oil Company for diesel exhaust fluid (DEF). The initial agreements were for a term of one (1) year with the option to renew three (3) additional one (1) year terms. Fiscal Year 2022 would have been the fourth and final term of the agreement. During the renewal process, staff received notification from the vendors that petroleum products would increase 36% and DEF 35%. The bid document limited future price increases to 10% for each renewal term, so both items needed to be bid again. Petroleum products and DEF are being purchased from American Lube Supply and Arnold Oil Company until a new bid can be awarded.

On October 14, 2021, at 2:15 pm, two (2) bids for Bid #22-05, Petroleum Products and DEF, were opened and read aloud. This bid requested pricing on seventeen (17) of the most used petroleum and DEF products. After reviewing the two bids received and comparing them to then current pricing, staff recommended rejecting the bids due to an estimated overall increase of \$77,555. City Council approved the bid rejection December 7, 2021, and the products were then rebid.

On February 1, 2022, at 2:15 pm, two (2) bids for Bid #22-13, Petroleum Products and DEF, were opened and read aloud. After review of the two bids, American Lube Supply submitted the most cost-effective pricing resulting in an approximate \$47,335 lower bid than that received in October 2021. This bid results in an overall estimated decrease of \$6,728 compared to current February non-contract pricing.

Fleet Services utilizes petroleum products and DEF daily to service the City's fleet. The costs of each are charged to the departments as the products are used. In Fiscal Year 2021, the amount spent on petroleum products was \$49,298 and the amount spent on DEF was \$11,184 for a total of \$60,482. Utilizing the American Lube Supply bid pricing, petroleum products would now cost an estimated \$68,826 annually and DEF would cost an estimated \$21,876 annually for a total of \$90,702.

The recommended awarded bid per unit pricing is outlined below:

Product	Price
Engine Oil 15W40 Syn Blend Bulk	\$11.19/Gal.

Engine Oil 5W30 Full Syn Bulk	\$13.00/Gal.
Engine Oil 5W20 Syn Blend Bulk	\$13.38/Gal.
Engine Oil 0W20 Full Syn Bulk	\$16.88/Gal.
Engine Oil 15W40	\$3.97/Qt.
Mercon LV Full Syn ATF	\$4.77/Qt.
Dexron VI Full Syn ATF	\$4.77/Qt.
Transyn 668 ATF	\$34.49/Gal
Hydraulic Oil AW32 Bulk	\$8.66/Gal.
Hydraulic Oil AW68 Bulk	\$8.66/Gal.
Grease NLGI 2 Bulk 16 Gal. Keg	\$3.75/Lb.
Grease NLGI 2 Cartridge Tube	\$3.76/Tube
Diesel Exhaust Fluid Bulk	\$2.27/Gal.
Diesel Exhaust Fluid 2.5 Gal. Jug	\$3.80/Gal

Due to market volatility, the contract awarded under this bid is based upon unit pricing and would be for a term of six (6) months with the option to renew for five (5) additional six (6) month periods, making the total contract with renewal periods three (3) years. The aggregate unit price increase is limited to 10% for any contract period extension.

THE ALTERNATIVES CONSIDERED:

- 1.) Reject all bids and rebid petroleum products and DEF
- 2.) Award the lowest bid

Which alternative is recommended? Why?

The second alternative to award the lowest bid is recommended. The cost is less than the results of the first bid and what the City is currently paying.

CONFORMITY TO CITY POLICY:

This resolution conforms to City policies and Texas Local Government Code, Section 252.021.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The estimated amount to be spent in FY 2022 for fleet petroleum products and DEF is \$90,702. Petroleum products and DEF are an ongoing annual expense required for the City's fleet. Future expenditures should be comparable.

Is this a one-time or recurring expenditure?

The purchases will be recurring expenditures with fixed unit costs.

Is this expenditure budgeted?

Yes, in each department/division's 42-51 (on-road) and/or 42-33 (off-road) repairs and maintenance accounts.

If not, where will the money come from?

NA

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

City Council authorize the award of Bid #22-13 for Petroleum Products and Diesel Exhaust Fluid to American Lube Supply in the amount of \$90,702 in FY 2022.

DEPARTMENTAL CLEARANCES:

Fleet Services
Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Bid Tabulation
Agreement
Certificate of Interested Parties