



STAFF REPORT

DATE: October 23, 2018

TO: Ronald L. Olson, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Authorize the award of purchase agreements to American Lube Supply and Arnold Oil Co. for Petroleum Products and Diesel Exhaust Fluid (DEF), Bid No. 19-02

BACKGROUND AND FINDINGS:

On September 7, 2018, at 3:00 pm, bids were opened and read aloud for the procurement of the City's estimated annual requirements of petroleum products and diesel exhaust fluid (DEF). This bid request included the fourteen (14) most often used products. Fleet Services utilizes these products on a daily basis to service the City's fleet. The costs are charged to the departments as the products are used. During the preceding three fiscal years, FY2016, FY2017 and FY2018, the cost of the products has been \$72,506, \$75,642 and \$81,039 respectfully.

Six (6) vendors submitted bids. After careful review of the bids, two (2) vendors are recommended for two (2) different portions of the City's petroleum products and DEF needs. American Lube Supply submitted the most cost effective petroleum products bid. Arnold Oil Co. submitted the most cost effective DEF bid.

The contracts awarded under this bid are based upon unit pricing and would be for a term of one (1) year with the option to renew for three (3) additional one (1) year periods.

Summary of bid totals for Petroleum Products (meeting specifications) and DEF are listed below:

VENDOR	Petroleum Products	DEF
Allied Sales	\$88,930.59	\$8,267.00
American Lube Supply	\$47,962.09	\$11,363.00
Arnold Oil Co.	\$73,979.16	\$6,468.00
Big Chief Distributing	\$73,526.53	\$10,060.00
Certified Laboratories	\$95,443.00	No Bid
Sun Coast Resources	\$62,739.22	\$16,680.00

Recommended bid award per unit pricing is outlined below:

American Lube Supply

Products	Price
Engine Oil 15W40 Bulk	\$6.11/Gal.
Synthetic Engine Oil 5W30 Bulk	\$7.93/Gal.

Engine Oil 15W40	\$1.53/Qt. (\$6.11/Gal)
Mercon V ATF	\$5.26/Qt.
Dexron VI Full Synthetic ATF	\$2.83/Qt.
BP Autotran Syn 295 ATF Bulk	\$33.51/Gal.
Hydraulic Oil AW68 Bulk	\$4.91/Gal.
Grease Bulk - 55 Gal Drum	\$3.40/Lb.
Grease Bulk - 16 Gal. Keg	\$2.75/Lb.

Arnold Oil Co.

Products	Price
Diesel Exhaust Fluid - Bulk	\$1.08/Gal.
Diesel Exhaust Fluid - 2.5 Gal Cont.	\$2.64/Gal.

THE ALTERNATIVES CONSIDERED:

1. Award the bid as recommended
2. Reject all bids and rebid petroleum products and DEF

Which alternative is recommended? Why?

The first alternative is recommended as the bid results were acceptable.

CONFORMITY TO CITY POLICY:

An invitation to bid for the procurement of petroleum products and DEF was advertised in compliance with the Texas Local Government Code chapter 252 and the City's purchasing policy.

FINANCIAL IMPACT:

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

The total amount of expenditures in FY 2019 is estimated to be \$60,000. 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, these expenditures are budgeted annually by the departments requiring the products.

If not, where will the money come from?

N/A

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

Yes. The repair and maintenance accounts of the divisions that utilize the products have sufficient funding. These products are just one expense within each division's overall repair and maintenance account.

RECOMMENDATION:

Staff recommends that City Council award purchase agreements to American Lube Supply and Arnold Oil Co. for their respective portion of Bid Number 19-02, and that the City Manager or designee be authorized to execute the agreements and any change orders as permitted by state and local law.

DEPARTMENTAL CLEARANCES:

Purchasing
Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Bid Tabulation
Certificate of Interested Parties