



Agenda Report

August 16, 2021

TO: Honorable Mayor and City Council
FROM: Department of Public Works
SUBJECT: AUTHORIZE PURCHASE ORDER CONTRACT WITH SC COMMERCIAL LLC, DBA SC FUELS TO FURNISH AND DELIVER LUBRICATION OILS FOR THE CITY VEHICLE FLEET IN AN AMOUNT NOT TO EXCEED \$414,000 FOR UP TO FIVE YEARS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment; and
2. i) Accept the bid dated July 14, 2021, submitted by SC Commercial LLC, DBA SC Fuels (SC Fuels) for Lubrication Oils for City Vehicle Fleet; ii) reject all other bids; and, iii) authorize a purchase order contract with SC Fuels for an amount not to exceed \$248,400 (including a \$32,400 contingency) over a three-year period, with the option for two additional one-year extensions for the annual amount of \$82,800 (including a \$10,800 contingency), at the discretion of the City Manager, for a maximum total contract length of five years and a total contract amount not to exceed \$414,000.

BACKGROUND:

The Department of Public Works, Building Systems and Fleet Management Division (BSFMD) repairs and maintains over 1,100 city vehicles and equipment. Hundreds of preventive maintenance services are scheduled and completed by BSFMD's Fleet Maintenance Section every year. BSFMD requires a qualified vendor to provide periodic on-call delivery of specific lubrication oils that meet or exceed Original Equipment Manufacturer (OEM) specifications such as synthetic motor oil, synthetic automatic transmission fluid (ATF), hydraulic fluid, differential fluid, and lubrication grease. Lubrication oils are ordered and delivered in bulk quantities on an as-needed basis and stored onsite in bulk containers. Reliable and consistent procurement and delivery of lubrication oils is critically important to keep the City's fleet in good working condition.

On June 3, 2021, a Notice Inviting Bids for Lubrication Oils for City Vehicle Fleet was posted on PlanetBids as well as published in the local paper. The posting generated notices to all vendors who have previously registered with the City for this particular commodity class. Pasadena local vendors were also sent additional notification via email and phone prior to the bid closing date. The following local vendors were notified: O'Reilly Auto Parts, Auto Zone, Pep Boys, Allied Auto Supply, Al's Auto Center, B&M Auto Parts, and Undercar Plus, Inc. Staff also referenced a list of local vendors in the City's business license database as well as online web searches in an attempt to reach potential local vendors that may provide these products; none of the local vendors contacted chose to bid on this project.

A total of 15 vendors downloaded the specifications of which none were local. Four bids were received by the July 14, 2021 bid opening date, none from local vendors.

BID RESULTS:

Per bid specification, bidders were asked to provide costs of specified lubricants in estimated quantities including higher-priced but longer lasting oil lubricants currently available in the market. Bids received by the bid opening date of July 14, 2021 are as follows:

Bidder		Bid Amount (\$)
1. SC Commercial LLC, DBA SC Fuels	Orange, CA	\$ 86,769
2. Orange Line Oil Company	Pomona, CA	\$ 102,615
3. Vested Solutions	Palm Desert, CA	\$ 240,235
4. Cummins, Inc.	Downey, CA	\$1,799,973
Procurement Manager's Estimate		\$ <u>75,000</u>

SC Fuels, located in Orange, CA, was established in 1930 and is one of the leading suppliers of bulk and packaged lubricants in the country. The City has been doing business with them since 2016 with aggregate expenditures through June 2021 of \$59,708.

Since SC Fuels is the lowest responsive and responsible bidder, staff recommends that SC Fuels be awarded a three year contract term with an option for two one-year extension periods, renewable at the discretion of the City Manager. Based on estimated quantities of actual annual need for bulk and packaged lubricants, the annual amount is estimated at \$72,000. The contract will be set out as follows:

	Year 1 to 3	Year 4 Optional 1 st Extension	Year 5 Optional 2 nd Extension
Base Bid	\$216,000	\$ 72,000	\$ 72,000
Contingency Allowance	<u>32,400</u>	<u>10,800</u>	<u>10,800</u>
	\$248,400	\$ 82,800	\$ 82,800
		TOTAL	\$ 414,000

The contingency amount will allow the City to purchase longer lasting lubricants to extend vehicle performance which should decrease vehicle downtime and reduce service intervals. This is especially critical for the City's limited number of heavy duty utility and refuse equipment that are regularly used to service the community and also supports BSFMD's operations to maximize its fleet preventive maintenance cycle.

COUNCIL POLICY CONSIDERATION:

This contract supports the City Council's goals of maintaining fiscal responsibility and stability and ensuring public safety.

ENVIRONMENTAL IMPACT:

This purchase complies with all South Coast Air Quality Management District rules and regulations.

FISCAL IMPACT:

The total cost of this purchase order contract is \$248,400 and the total cost of this action is \$414,000. Funding will be addressed by the utilization of existing budgeted appropriations from the Fleet Maintenance and Repair Fund budget account (51122058-810100). There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,


KRIS MARKARIAN, P.E.
Acting Director of Public Works

Prepared by:


Mark McCullough
Public Works Administrator BSFMD

Approved by:


STEVE MERMELL
City Manager