



AGENDA MEMORANDUM

Action Item for the City Council Meeting of June 27, 2023

DATE: June 27, 2023

TO: Peter Zaroni, City Manager

FROM: Charles Mendoza, Director of Asset Management
charlesM2@cctexas.com
(361) 826-1941

Josh Chronley, Assistant Director of Finance & Procurement
JoshC2@cctexas.com
(361) 826-3169

Bulk Oil for Asset Management - Fleet Maintenance

CAPTION:

Motion authorizing execution of a one-year supply agreement, with two one-year options, with Arnold Oil Company, of Corpus Christi, for an amount not to exceed \$125,000.00 and a potential amount up to \$375,000.00 if options are exercised, for bulk oil to be utilized by Asset Management, with FY 2023 funding of \$31,250.00 from the Fleet Maintenance Service Fund.

SUMMARY:

This motion authorizes the purchase of a variety of bulk oil fluids for the Asset Management Department. Lubricating oils are an essential component for the operation of reciprocating engines. The variety of lubricants used are specially blended and suited for the different engine types that Asset Management services on a regular basis. The bulk oil purchase is necessary to fully maintain City vehicles and equipment.

BACKGROUND AND FINDINGS:

The Asset Management Department performs repairs for approximately 2,300 vehicles and equipment pieces for various city departments. Bulk oil and lubricants are essential to accomplish scheduled maintenance of City vehicles and equipment. Maintaining the City's vehicles and equipment ensures that City services continue without interruption.

PROCUREMENT DETAIL:

Finance & Procurement conducted a competitive Request for Bid process to obtain bids for a new contract. The City received four responsive bids. The staff is recommending the award to the best-value bidder, Arnold Oil Company, for providing the best overall price after a discount on retail pricing for the City.

ALTERNATIVES:

An alternative to accepting this bid would be requiring the Asset Management Department to process an RFQ to purchase bulk oil and lubricants as needed. This would not be as productive as having a supply agreement in place. In addition, a long-term agreement allows for a better economy of scale.

FISCAL IMPACT:

The fiscal impact for the Asset Management Department in FY23 is \$31,250.00 for this one-year supply agreement for the purchase of bulk oil and lubricants for Fleet Maintenance, with the remaining cost to be funded in future years through the annual budget process.

FUNDING DETAIL:

Fund:	5110 Fleet Maintenance Service Fund
Organization/Activity	40140 Service Station
Mission Element	202 Maintain the Fleet
Project # (CIP only)	N/A
Account:	520210 Cost of Goods Sold

RECOMMENDATION:

Staff recommends approval of this motion authorizing the execution of a one-year supply agreement, with two one-year options, with Arnold Oil Company as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tabulation
Supply Agreement