



## AGENDA MEMORANDUM

Action Item for the City Council Meeting June 14, 2022

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**DATE:** June 14, 2022

**TO:** Peter Zanoni, City Manager

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<p style="text-align: center;"><b>Supply Agreement for Bulk Oil and Lubricants Delivery for Asset Management - Fleet Maintenance Division</b></p>
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### **CAPTION:**

Motion authorizing a one-year supply agreement with Texas Enterprises, Inc., of Austin in an amount not to exceed \$282,931.00 for bulk oil and lubricants used by the Fleet Maintenance Division of Asset Management, with FY 2022 funding of \$95,000.00 from the Fleet Maintenance Service Fund.

### **SUMMARY:**

This motion authorizes the purchase of a variety of bulk oil and lubricants for the Asset Management Department. Lubricants and 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 purchase of bulk oil and lubricants 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 an essential component to accomplish scheduled maintenance of City vehicles and equipment. Maintaining the City's vehicles and equipment ensures that City services continue with interruption.

**PROCUREMENT DETAIL:**

Finance-Procurement conducted a competitive request for bids (RFB) process to obtain bids. The City received two responsive bids. Staff is recommending Texas Enterprises, Inc. of Austin, the lowest, responsive, responsible bidder to provide bulk oil and lubricant delivery services as needed. The incumbent supplier declined to rebid on this new contract. The total value of the contract increased approximately 49% due to the volatility of products in the petroleum industry, therefore increasing prices of oils, gas and transportation.

**ALTERNATIVES:**

An alternative to accepting this bid would be to require the Asset Management Department to process an RFQ for the purchase of 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 FY 2022 is \$95,000.00 for this one-year supply agreement for the purchase of bulk oil and lubricants for Fleet Maintenance, with the remaining cost of \$187,931.00 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 a one-year agreement with Texas Enterprises, Inc. of Austin for bulk oil and lubricants as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Bid Tab  
Service Agreement