



AGENDA MEMORANDUM
Action Item for the City Council Meeting June 8, 2021

DATE: May 25, 2021

TO: Peter Zanoni, City Manager

FROM: Charles Mendoza, Director of Asset Management
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Supply Agreement for Bulk Oil and Lubricants for Asset Management - Fleet Maintenance Division

CAPTION:

Motion authorizing a one-year supply agreement with Arnold Oil Company, Inc. of Corpus Christi, Texas in amount not to exceed \$189,806.40, for Bulk Oil and Lubricants for the Asset Management Department, Fleet Division, with FY 2021 funding in the amount of \$79,086.00 available through 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 the 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 2,020 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 without interruption.

PROCUREMENT DETAIL:

Contracts and Procurement conducted a competitive request for bids (RFB) process to obtain bids. The City received six responsive bids. Staff is recommending Arnold Oil Company, Inc. the lowest, responsive, responsible bidder to provide bulk oil and lubricant delivery services as needed. The number of gallons required increased by 20% since the previous Contract; and the price per gallon increased by 14%. The previous contract was awarded by group of lubricants to Arguindegui Oil Co. II, Ltd, Sun Coast Resources, Inc., and HJDJ American Lube Supply, Inc. in an amount of \$131,368.50. The total value of the contract increased approximately 44% due to the increase in gallon requirements.

ALTERNATIVES:

An alternative to accepting this bid would be to require the Asset Management Department to process a request for quotes (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 2021 is \$79,086.00 for this one-year supply agreement for the purchase of bulk oil and lubricants for Fleet Maintenance with the remaining cost of \$110,720.40 funded in future years through the annual budget process.

FUNDING DETAIL:

Fund: 5110 Fleet Maintenance Services 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 Arnold Oil Company, Inc. for bulk oil and lubricants as presented.

LIST OF SUPPORTING DOCUMENTS:

Bid Tab
Service Agreement