

May 18, 2021

C-12

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. ITB FS21-026 and award contracts to Southern Counties Oil Co., dba SC Fuels, of Orange, CA, Patten Energy Enterprises, Inc., of Los Angeles, CA, and Cummins, Inc., dba Cummins Sales and Service, of Columbus, IN, for the purchase of petroleum products, in an annual aggregate amount of \$250,000, with a 15 percent contingency in the amount of \$37,500, for a total annual contract amount not to exceed \$287,500, for a period of two years, with the option to renew for three additional one-year periods; and, authorize the City Manager, or designee, to execute all documents necessary to enter into the contracts, including any necessary amendments; and,

Increase appropriations in the Fleet Fund Group in the Financial Management Department by \$110,500, offset by payments from other Departments through the Fleet Memorandum of Understanding. (Citywide)

DISCUSSION

City Council approval is requested to enter into contracts with Southern Counties Oil Co., dba SC Fuels, Patten Energy Enterprises, Inc., and Cummins, Inc., dba Cummins Sales and Service, for the purchase of petroleum products, which include motor oils and hydraulic fluids. Utilizing multiple vendors will enable the Fleet Services Bureau in the Financial Management Department to obtain needed petroleum products quickly and minimize downtime for vehicles and equipment used in essential operations. An appropriations increase is also requested to meet the fleet's maintenance needs due to the price increases on petroleum products in this new bid.

The Fleet Services Bureau uses approximately 5,600 gallons of various types of petroleum products to support regular maintenance and servicing of the City's fleet each year. All manufacturers recommend using the appropriate petroleum products for fleet vehicles and equipment to ensure proper function, promote maximum life of the units, ensure consistent warranty coverage, and ensure operational safety.

The bid was advertised in the Long Beach Press-Telegram on March 11, 2021, and 24 potential bidders specializing in the distribution of petroleum products were notified of the bid opportunity. Of those bidders, 19 downloaded the bid via the City's electronic bid system. The bid document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. A bid announcement was also included in the Purchasing Division's weekly update of

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Open Bid Opportunities, which is sent to 35 local, minority-owned, and women-owned business groups. Six bids were received on March 19, 2021. Of those bidders, two were Minority-owned Business Enterprises (MBEs), one was a Women-owned Business Enterprise (WBE), two were certified Small Business Enterprises (SBEs), one was a Long Beach business (Local). Southern Counties Oil, Inc., dba SC Fuels (not a MBE, WBE, SBE, or Local), Patten Energy Enterprises (MBE, SBE), and Cummins, Inc., dba Cummins Sales and Service (not a MBE, WBE, SBE, or Local), were the lowest responsible bidders.

Local Business Outreach

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit bids for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids database to download the bid specifications. Through outreach, four Long Beach vendors were notified to submit bids, of which one downloaded and submitted a bid. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Taylor M. Anderson on April 20, 2021, Business Services Bureau Manager Tara Mortensen on April 19, 2021, and by Revenue Management Officer Geraldine Alejo on April 27, 2021.

SUSTAINABILITY

Most of the petroleum products used for the City's fleet are synthetic and provide extended oil life that reduces oil change frequency, considerably reducing the amount of oil consumed.

TIMING CONSIDERATIONS

City Council action is requested on May 18, 2021, to ensure contracts are in place expeditiously.

FISCAL IMPACT

The total annual aggregate contract amount will not exceed \$287,500, inclusive of a 15 percent contingency. Of this amount, \$177,000 is currently appropriated in the Fleet Services Fund Group in the Financial Management Department. An appropriation increase for the balance of \$110,500 is requested in the Fleet Services Fund Group in the Financial Management Department, offset by revenues from user departments. Petroleum product costs are collected through the Fleet Services Memorandum of Understanding (MOU) regular monthly charges to multiple funds and departments. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER