



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

C-8

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April 18, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. ITB FS17-037 and award contracts to Patten Energy Enterprises, Inc., of Los Angeles, CA; Southern Counties Oil Co., LP, dba SC Fuels, of Orange, CA; and Rely Supply, LLC, of Cincinnati, OH, for the purchase and delivery of petroleum products, in an annual aggregate amount not to exceed \$300,000, for a period of two years, with the option to renew for two additional one-year periods, at the discretion of the City Manager; and,

Authorize the City Manager, or designee, to increase Blanket Purchase Orders (BPOs) No. BPFM16000036 with Southern Counties Oil Company, of Orange, CA, and No. BPFM16000037 with Rosemead Oil Products, Inc., of Santa Fe Springs, CA, for furnishing and delivering petroleum products, by \$75,000, for a total aggregate amount not exceed \$225,000. (Citywide)

DISCUSSION

City Council approval is requested to award contracts to Patten Energy Enterprises, Inc, Southern Counties Oil Co., LP, and Rely Supply, LLC, for the purchase and delivery of petroleum products, for an annual aggregate amount not to exceed \$300,000, for maintenance of a wide variety of vehicles and equipment used by City departments, as well as the Water and Harbor Departments. Petroleum products include motor oil, transmission fluid, lubricants, hydraulic oil, anti-freeze, and synthetic oils and blends.

Approval is also requested to add \$75,000 to the current interim BPOs with Southern Counties Oil Company and Rosemead Oil Products, Inc., to cover citywide petroleum product purchases through June 30, 2017. Additional funds are needed for the interim BPOs to pay current invoices and to cover estimated purchases until the new contracts are fully executed. Authorization was received from City Council on February 21, 2017, to increase the purchase amounts by \$75,000; however, these funds have been depleted and are insufficient to cover purchases until the new contracts are in place.

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The City purchases 19,625 gallons of motor oil; 41,800 gallons of hydraulic oil of various weights; 10,610 gallons of gear lubricant; and, 3,555 gallons of transmission fluid annually. Petroleum products are widely used for motorized vehicles and equipment maintenance, in accordance with manufacturer recommended service intervals and product replacement, for use by various City departments. There are facilities in almost every department where these products are used daily.

The bid was advertised in the Long Beach Press-Telegram on January 27, 2017, and 435 potential bidders specializing in fuel, oil, and other products and services were notified of the bid opportunity. Of those bidders, 24 downloaded the bid via the City's electronic bid system. The bid document was made available from the Purchasing Division, located on the seventh 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 Open Bid Opportunities, which is sent to 22 local, minority, and women-owned business groups. Seven bids were received on February 21, 2017. Of those bidders, three were Minority-Owned Business Enterprises (MBEs), none were Women-Owned Business Enterprises (WBEs), two were certified Small Business Enterprises (SBEs), and one was a Long Beach business (Local). Patten Energy Enterprises, Inc. (a MBE, SBE, not a WBE or Local), Southern Counties Oil Co., LP (not an MBE, WBE, SBE, or Local), and Rely Supply, LLC (a MBE, SBE, not a WBE 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, 56 Long Beach vendors were notified to submit bids, of which three downloaded and one 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 Monica J. Kilaita on March 29, 2017 and by Assistant Finance Director Lea Eriksen on March 27, 2017.

SUSTAINABILITY

All petroleum products will be in full compliance with the California Air Resources Board and local air district quality regulations. In addition, the City will purchase recycled and re-refined products, as well as synthetic, low ash blends whenever possible and recommended by the vehicle or equipment manufacturer.

TIMING CONSIDERATIONS

City Council action is requested on April 18, 2017, to ensure that contracts are in place expeditiously.

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FISCAL IMPACT

The total annual aggregate amount of the new contracts will not exceed \$300,000. Existing BPOs will be increased by \$75,000, for a total aggregate amount not to exceed \$225,000. Funds for both new and existing contracts are budgeted in the Fleet Services Fund (IS 386) in the Financial Management Department (FM), in the Water Fund (EF 310) in the Water Department (WA), and in the Harbor Fund (HR 430) in the Harbor Department (HA). Purchase costs in the Fleet Services Fund are collected through regular monthly charges to multiple funds and departments. Award of these contracts will provide continued support to our local economy by assisting in the preservation of employment for 20 full-time employees residing in Long Beach.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:DB:dh
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APPROVED:


PATRICK H. WEST
CITY MANAGER