



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT
August 28, 2007

**Honorable Mayor and
Members of the City Council**

**Title: Purchases: Tires and Tire Services, Fuel, Lubricants and Welding Services
for Fleet Equipment Using Cooperative Purchasing Agreements**

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) approving the use of a Cooperative Purchase Agreement between the County of Sacramento and Morgan Tire of Sacramento, Inc., for the purchase of tires and tire services in an amount not to exceed \$2,500,000, through November 9, 2007, or until the contract is no longer available for use by the City of Sacramento; 2) approving the use of a Cooperative Purchase Agreement between the County of Sacramento and Hunt & Sons, Inc., for the purchase of fuels and lubricants in an amount not to exceed \$12,000,000 through November 30, 2007, or until the contract is no longer available for use by the City of Sacramento; 3) approving the use of a Cooperative Purchase Agreement between the County of Sacramento and Elmer's Portable Welding for the purchase of welding services in an amount not to exceed \$500,000 through November 30, 2007, or until the contract is no longer available for use by the City of Sacramento; 4) approving the use of a Cooperative Purchase Agreement between the County of Sacramento and Clean Energy for the purchase of Liquefied Natural Gas (LNG) fuel in an amount not to exceed \$1,000,000 through November 9, 2007, or until the contract is no longer available for use by the City of Sacramento; 5) authorizing the City Manager to execute agreements under the referenced cooperative purchase agreements in the not to exceed amounts stated; and 6) ratifying prior period (FY2006/07 and July 2007) expenditures with Morgan Tire of Sacramento Inc., and Hunt & Sons Inc. in the amount of \$228,057.

Contacts: Keith Leech, Fleet Manager, 808-5869; Christopher Stewart, Procurement Services Manager, 808-6202

Presenters: Not Applicable

Department: General Services

Division: Fleet Management

Organization No: 3259

Description/Analysis:

Issue: The Department of General Services, Fleet Division has ongoing needs to purchase tires and tire services, fuels, lubricants, and welding services for Fleet equipment. In accordance with City Code 3.56.240 the City Manager may, by cooperative purchasing agreements approved by the City Council, purchase supplies through contracts of other governmental jurisdiction, without separate competitive bidding where it is advantageous to the City.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Section 3.56.

Committee/Commission Action: Not Applicable

Environmental Considerations: The current project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Sections 15061(b)(3) which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The current proposal involves the purchasing of parts and services for the repair and maintenance of City vehicles and equipment.

Rationale for Recommendation: In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing or piggybacking. These procurement approaches increase pricing competitiveness and lower operating costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase items and services through a cooperative purchasing program.

The City has used both regional and national cooperative purchasing agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments and the Procurement Services Division to evaluate a broader range of contracting opportunities and to share resources with other jurisdictions. Cooperative purchasing also leverages internal and external resources to maximize cost savings opportunities for the City.

On June 27, 2006, (Resolution No. 2006-476) City Council approved the purchases of automobile tires and tire services from Morgan Tire of Sacramento, Inc., for a total amount of \$900,000. However, total expenditures over the last 13 months have exceeded the City Council approval of \$900,000 by \$64,644. Therefore, staff requests that City Council ratify these prior period expenditures.

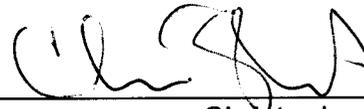
On December 12, 2006, (Resolution No. 2006-917) City Council approved the purchases of automobile fuel and lubricants from Hunt & Sons, Inc., for a total amount of \$6,000,000. However, total expenditures over the last 13 months have exceeded the City Council approval of \$6,000,000 by \$163,413. Therefore, staff requests that City Council ratify these prior period expenditures.

In order to maximize volume discounts, the Department of General Services, Fleet Management Division will collaborate with Sacramento County to bid for the combined needs for these parts and services. A bid will be conducted by the City of Sacramento and/or Sacramento County prior to November 2007 for purchases of tires, tire services, fuel, LNG fuel, lubricants, and welding services.

Financial Considerations: Sufficient funds are available in the Department of General Services, Fleet Management Division, FY2007/08 operating budget to purchase new tires, tire services, fuel, LNG fuel, lubricants and welding services.

Emerging Small Business Development (ESBD): Morgan Tire of Sacramento, Inc. is certified as an emerging/small business firm. Hunt & Sons Inc., Elmer's Portable Welding, and Clean Energy are not certified as an emerging/small business firms. Through the third quarter of FY2006/07, the Department of General Services has achieved an ESBD utilization percentage of 65%.

Respectfully submitted by:



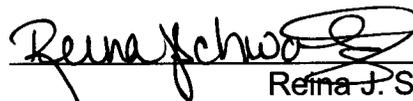
Christopher Stewart
Procurement Services Manager

Respectfully submitted by:



Keith Leech
Fleet Manager

Approved by:



Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:


for Ray Kerridge
City Manager

Table of Contents:

Report	Pg 1
Attachments	
1 Resolution	Pg 5

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

August 28, 2007

APPROVE THE USE OF COOPERATIVE PURCHASE AGREEMENTS FOR THE PURCHASE OF TIRES AND TIRE SERVICES, FUEL, LUBRICANTS, AND WELDING SERVICES FOR FLEET EQUIPMENT

BACKGROUND

- A. Department of General Services, Fleet Management Division has ongoing requirements to purchase supplies through contracts of other governmental jurisdictions including Sacramento County. The City has an opportunity to obtain lower pricing for these items through volume purchasing.
- B. Staff requests that the Mayor and City Council approve the contracts obtained competitively by Sacramento County as the basis for awarding City contracts in accordance with City Code Section 3.56.240, which allows for use of cooperative contracts through other governmental jurisdictions or public agencies without separate bidding where advantageous to the City.
- C. On June 27, 2006, City Council adopted Resolution No. 2006-476 approving the purchase of automobile tires and tire services from Morgan Tire of Sacramento, Inc., for a total amount of \$900,000. However, total expenditures over the last 13 months have exceeded the City Council approval of \$900,000 by \$64,644. Therefore, staff requests that City Council ratify these prior period expenditures.
- D. On December 12, 2006, (Resolution No. 2006-917) City Council approved the purchase of automobile fuel and lubricants from Hunt & Sons Inc., for a total amount of \$6,000,000. However, total expenditures over the last 13 months have exceeded the City Council approval of \$6,000,000 by \$163,413. Therefore, staff requests that City Council ratify these prior period expenditures.
- E. On June 27, 2006, City Council adopted Resolution No. 2006-476 approving the purchase of welding services for a total amount of \$225,000 from Elmer's Portable Welding.
- F. On June 27, 2006, City Council adopted Resolution No. 2006-476 approving the purchases of LNG fuel for a total amount of \$400,000 from Clean Energy.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. County of Sacramento contract numbers WA00019732 (Morgan Tire of Sacramento, Inc.), WA00021160 (Hunt & Sons, Inc.), WA00021226 (Elmer's Portable Welding), WA00019279 (Clean Energy) are hereby approved pursuant to City Code 3.56.240 for the purchase of tires and tire services, fuels and lubricants, welding services and Liquefied Natural Gas (LNG) fuel.
- Section 2. The City Manager is authorized to execute the necessary purchases on: contract number WA00019732 with Morgan Tire of Sacramento, Inc. in a total amount not to exceed \$2,500,000 through November 9, 2007; contract number WA00021160 with Hunt & Sons, Inc., in an amount not to exceed \$12,000,000 through November 30, 2007; contract number WA00021226 with Elmer's Portable Welding in an amount not to exceed \$500,000 through November 30, 2007; contract number WA00019279 with Clean Energy in an amount not to exceed \$1,000,000 through November 9, 2007, or until such date as they are no longer available for use by the City of Sacramento.
- Section 3. Prior period (FY2006/07 and July 2007) expenditures with Morgan Tire of Sacramento, Inc. and Hunt & Sons Inc. in the amount of \$228,057 are ratified.