



REPORT TO COUNCIL

City of Sacramento

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

CONSENT
March 25, 2008

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

**Title: Purchase/Cooperative Agreements: Parts, Services and Fuel for Fleet
Equipment**

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) approving the use of County of Sacramento contracts to purchase a) fuel, and various fleet related parts, services, and chemicals from Amrep, Inc. in an amount not to exceed \$410,000; b) Fleet Pride in an amount not to exceed \$212,000; c) Pape Machinery in an amount not to exceed \$800,000; d) Lehr Auto Electric in an amount not to exceed \$222,000; e) Napa Auto Parts in an amount not to exceed \$200,000; f) Hunt & Sons in an amount not to exceed \$13.5 million; and g) Morgan Tires in an amount not to exceed \$1 million; 2) authorizing purchases through each contract's expiration date or June 30, 2008, whichever comes first; and 3) ratifying prior purchases with the vendors identified above in a combined amount of \$3,221,983.

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 Management Division has ongoing needs to purchase parts, services and fuel for Fleet equipment. In accordance with City Code 3.56.240, the City Manager may, by cooperative purchasing agreements approved by City Council, purchase supplies through contracts of other governmental jurisdictions without separate competitive

bidding, where it is advantageous to the City.

The Department of General Services, Fleet Management Division has identified expenditures based on several cooperative purchase agreements that require immediate attention.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Section 3.56. Additionally, in response to some of the findings in this report, staff are implementing improvements in our processes related to the use of cooperative purchase agreements to ensure fewer exceptions in the future.

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 Section 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. This procurement approach increases pricing competitiveness and lowers 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 December 12, 2006 and August 28, 2007, City Council adopted Resolution Nos. 2006-917 and 2007-636, respectively, approving the use of cooperative purchasing agreements between the County of Sacramento (County) and multiple vendors. Expenditures with some vendors have exceeded the authorized amounts and will require increased authorization. In addition, expenditures have been made with some vendors in excess of the City Manager's authority and now require City Council authorization. The following paragraphs provide the expenditure details with each vendor.

Amrep, Inc.

As of January 31, 2008, purchases totaling \$110,078 have been made under County contract WA00022604 with Amrep, Inc. for refuse vehicle parts and services. This exceeds the amount of purchases that can be made without City Council approval by \$10,079. This report recommends ratifying prior purchases in the amount of \$10,079 and approving the use of County contract WA00022604 for additional purchases in an amount not to exceed \$299,922.

Fleet Pride

Resolution No. 2006-917 authorized expenditures to Fleet Pride for chemicals and air-conditioning parts under County contract WA00018866 in an amount not to exceed \$125,000. As of January 31, 2008, purchases totaling \$141,535 have been made. This exceeds the authorized amount by \$16,535. This report recommends ratifying prior purchases in the amount of \$16,535 and approving the use of County contract WA00018866 for additional purchases in an amount not to exceed \$70,465.

Pape Machinery

Resolution No. 2006-917 authorized expenditures to Pape Machinery for equipment parts and service under County contract WA00018901 in an amount not to exceed \$400,000. As of January 31, 2008, purchases totaling \$525,437 have been made. This exceeds the authorized amount by \$125,437. This report recommends ratifying prior purchases in the amount of \$125,437 and approving the use of County contract WA00018901 for additional purchases in an amount not to exceed \$274,563.

Lehr Auto Electric

Purchases totaling \$151,083 for emergency vehicle accessories have been made during FY2006/07 and FY2007/08 under County contract WA00020404. This exceeds the amount of purchases that can be made without City Council approval by \$51,084. This report recommends ratifying prior purchases in the amount of \$51,084 and approving the use of County contract WA00020404 for additional purchases in an amount not to exceed \$70,917.

Napa Auto Parts

Resolution No. 2006-917 authorized expenditures to Napa Auto Parts for light duty vehicle parts under County contract WA00019700. As of January 31, 2008, \$65,702 in purchases were made after expiration of the contract. The County has executed a new contract (WA00021299) with Napa Auto Parts that expires in January 2009. This report recommends ratifying the \$65,702 in purchases made under the expired contract and approving the use of County contract WA00021299 for additional purchases in an amount not to exceed \$134,298.

Hunt & Sons

Resolution No. 2006-917 authorized expenditures to Hunt & Sons under County contract WA00019302 in an amount not to exceed \$6 million for the purchase of

motor fuel. In August 2007 Council approved the use of a County contract (WA00021160 for lubricants) for an amount not to exceed \$12 million for the purchase of fuel and lubricants. This increased authorization per Resolution 2007-636 should have included County contract number WA00019302 for fuel.

As of January 31, 2008 fuel purchases totaling 9,372,292 have been made. This exceeds the authorized amount for fuel by \$2,627,708. This report recommends ratifying prior purchases in the amount of \$2,627,708 and approving the use of this contract (WA00019302) for additional purchases in an amount not to exceed \$4,127,708.

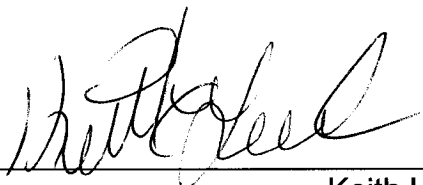
Morgan Tire

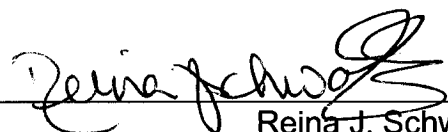
As of January 31, 2008, purchases from Morgan Tire totaling \$425,437 have been made for light duty tires and tire services. This exceeds the amount of purchases that can be made without City Council approval by \$325,438. This report recommends ratifying prior purchases in the amount of \$325,438 under contract WA00019292 for light duty tires and tires services and approving the use of County contract WA00019292 for additional purchases in an amount not to exceed \$574,563.

Financial Considerations: Sufficient funds are available in the Department of General Services, Fleet Management Division, FY2007/08 operating budget to purchase parts, services and fuel for maintenance of fleet equipment.

Emerging Small Business Development (ESBD): Cooperative Purchasing Agreements are created, evaluated and awarded by other government agencies that may or may not have similar emerging and small business programs. However, the Department of General Services, Fleet Management and Procurement Services Divisions will consider other alternatives if it is determined that using cooperative contracts may have a negative impact on small businesses.

Morgan Tire of Sacramento, Inc. is certified as an emerging/small business firm.

Respectfully submitted by: 
Keith Leech
Fleet Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:



for

Ray Kerridge
City Manager

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RESOLUTION NO. 2008-XXXX

Adopted by the Sacramento City Council

March 25, 2008

APPROVING THE USE OF COOPERATIVE PURCHASING AGREEMENTS FOR THE PURCHASE OF FUEL, PARTS, AND 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. In accordance with City Code 3.56.240, the City Manager may, by cooperative purchasing agreements approved by City Council, purchase supplies through contracts of other governmental jurisdictions without separate competitive bidding, where it is advantageous to the City.
- C. On December 12, 2006 and August 28, 2007, City Council adopted Resolutions No. 2006-917 and 2007-636, respectively, approving the use of cooperative purchasing agreements between the County of Sacramento and multiple vendors. The Department of General Services, Fleet Management Division has identified expenditures based on several cooperative purchase agreements that require immediate attention. Some expenditures have exceeded City Council authorization, and some contracts, as detailed below, will require increased authorization.

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

- Section 1. County of Sacramento contracts are approved for use as identified in Exhibit A.
- Section 2. The City Manager or the City Manager's designee is authorized to execute the necessary purchases as identified in Exhibit A through each contract's expiration date or June 30, 2008, whichever comes first.
- Section 3. Prior expenditures with Amrep, Inc. in the amount of \$10,079, Fleet Pride in the amount of \$16,535, Pape Machinery in the amount of \$125,437, Lehr Auto Electric in the amount of \$51,084, Napa Auto Parts in the

amount of \$65,702, Hunt & Sons in the amount of \$2,627,708, and Morgan Tire in the amount of \$325,438 are hereby ratified.

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Exhibit A – Fleet Management Vendors and Commodities

Exhibit A**Fleet Management Vendors and Commodities**

Vendor	Contract #	Agency	Item / Service	New Total Not-to-Exceed Amount
Amrep, Inc	WA00022604	County of Sacramento	Parts and services for Amrep Refuse trucks	\$ 410,000
Fleet Pride	WA00018866	County of Sacramento	Misc chemicals and A/C parts	\$ 212,000
Pape Machinery	WA00018901	County of Sacramento	Parts and service for John Deere equipment	\$ 800,000
Lehr Auto Electric, Inc.	WA00020404	County of Sacramento	Emergency vehicle accessories	\$ 222,000
Napa Auto Parts	WA00021299	County of Sacramento	Various light duty fleet parts	\$ 200,000
Hunt & Sons	WA00019302	County of Sacramento	Motor fuel	\$13,500,000
Morgan Tire	WA00019292	County of Sacramento	Light duty tires and tire services	\$ 1,000,000