



Legislation Details (With Text)

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REPORT TO THE CITY COUNCIL

March 22, 2018

FROM: JIM SCHAAD, Director
Department of Transportation

BY: DUANE MYERS, Fleet Manager
Department of Transportation/Municipal Fleet Division

SUBJECT

Reject all bids for motor oil and lubricants requirements contract - Bid File No. 9411

RECOMMENDATION

Staff recommends Council reject all bids received December 19, 2017, for the oil and lubricants requirements contract.

EXECUTIVE SUMMARY

After evaluation of all bids, it was determined the quantities listed in the current solicitation and the complex format of the cost proposal form may have limited competition, particularly among smaller local suppliers. It is staff's intent to revise the solicitation, including the cost proposal forms, in order to increase the level of participation and competition.

BACKGROUND

The Municipal Fleet Division solicited bids on November 22, 2017, for an oil and lubricants requirements contract. The division is responsible for purchasing and maintaining approximately 2,100 vehicles owned and operated by City departments. These include Department of Public Utilities, Department of Public Works, PARCS, and others. Departments utilize a wide range of vehicles such as refuse trucks, street sweepers, sedans, and pickup trucks. Annually, the Municipal Fleet Division performs 3,900 preventive maintenance jobs; 22,000 repairs; and maintains 94 percent vehicle availability.

The Municipal Fleet Division is in need of a contract for the purchase of oil and lubricants for the City fleet. Establishing a competitively bid contract for the complete range of oil and lubricants is necessary in order to keep prices low and allow for consistent budgeting.

Competitive bids were solicited for oil and lubricants on November 22, 2017, and five bids were received on December 19, 2017. During the bid evaluation, it was determined that the specifications reflected product quantities that would be needed over a three-year period, although the term of the agreement was only one year. This discrepancy was not discovered until the evaluation phase, when the cost proposal form was being reviewed.

It is staff's intent to work with the Purchasing Division to improve the solicitation by restructuring the cost proposal form, adjusting the quantities of products listed in the bid specifications, and then issue a new bid. Improvements will include, but limited to, listing volume and quantities of products used in the last year by type of product and a breakdown of the various delivery options for each of the products. Staff believes making these changes, as well as clarifying the term (e.g., one year) will increase competition and it will be easier for smaller companies to compete.

ENVIRONMENTAL FINDING

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, the award of this contract does not qualify as a "project."

LOCAL PREFERENCE

Local preference is not applicable due to recommendation of rejecting all bids.

FISCAL IMPACT

This will have no effect on the General Fund.