



Policy & Innovation Committee

Meeting Date: August 5, 2019

Agenda Item No. 2

Execute Contract - Joint Purchase of Fuel & Lubricants

Consent

Prepared by: Conor Peterson

Approved by: Erik Johnson

Attachments: Yes

1. Issue:

Staff is proposing the board delegate authority to the executive director to execute the contract pooling together local government purchasing of automotive fuel and lubricants to save money and staff time.

2. Recommendation:

That the Policy and Innovation Committee recommend the Board of Directors to delegate authority to the executive director to execute the regional joint fuel and lubricants contract.

3. Background/Analysis:

This item maintains our current available services focused on building out our council of governments role by renewing our joint fuel and lubricant contract. In 2014, SACOG established a master agreement for fuels and lubricants on behalf of cities, counties and special districts in the Sacramento region and some neighboring counties. In April, the board authorized release of the joint request for proposals (RFP) giving access to 10 fuel or lubricant products on behalf of local governments in the region. The RFP allows for a multi-award approach.

The agreement will be available to local governments on an on-demand or as-needed basis structured as an indefinite quantity-indefinite delivery solicitation, requiring no formal commitment from participating agencies and does not commit SACOG to any specific costs.

Thirty-six agencies have expressed participation interest in the solicitation (shown in Attachment A). Our current contract is effective through September 30, 2019. A timeline for the procurement and contract execution is shown in Attachment A.

The term of the new contract would be three years with two one-year options to extend.

4. Discussion/Analysis:

Five vendors submitted proposals for one or more products. A working group made up of SACOG and city/county department staff evaluated, scored, and selected three vendors for a multi-award approach. The three vendors selected are Hunt & Sons, Inc., Ramos Oil Company, and Van De Pol Petroleum. Staff are in the process of negotiating with each vendor to finalize each agreement.

The pooled purchasing approach offers cost savings through bulk purchase and saves a substantial amount of time by reducing soft services required to complete a competitive solicitation process by each participating local government.

Based on the submitted proposals, the cost savings from the bulk discount and an economy of scale compared to our previous contract is estimated at nearly \$100,000 per year/\$600,000 over the life of the contract when factoring in soft costs saved by participating agencies. This estimate only takes into account agencies that have previously participated. Savings continue to increase as more agencies utilize the contract. Individual agency savings also tend to increase compared to contracts procured individually.

5. Fiscal Impact/Grant Information:

SACOG receives an administrative fee based on the gallons of fuel purchased in order to support regional and cooperative efforts under SACOG's shared services.

6. This staff report aligns with the following SACOG Work Plan Goals:

8 - Build out our Council of Governments Functions