



REPORT TO COUNCIL City of Sacramento

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

STAFF
August 19, 2008

Honorable Mayor and
Members of the City Council

Title: Purchase/Cooperative Agreement: Fuel for Fleet Equipment

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** 1) approving the use of County of Sacramento contract (WA00023576) to purchase diesel fuel and gasoline from Hunt & Sons in an amount not to exceed \$30 million through August 31, 2011 or until the contract is no longer available; 2) approving the use of County of Sacramento contract (WA00023537) to purchase liquefied natural gas (LNG) fuel from Clean Energy in an amount not to exceed \$2.5 million through August 31, 2011 or until the contract is no longer available; and 3) authorizing the City Manager or the City Manager's designee to execute purchases in the amounts specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal years.

Contacts: Keith Leech, Fleet Manager, 808-5869

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 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.

Policy Considerations: The recommendations in this report are in accordance

with the provisions of City Code Section 3.56.

Environmental Considerations:

California Environmental Quality Act (CEQA): 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 fuel for City vehicles and equipment. Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

Sustainability Considerations: Based on the Fleet Sustainability Policies adopted in October 2007 per Resolution 2007-771, Fleet Management continues to work with departments city-wide to reach the target fuel consumption reduction goal of 15% from the FY2002/03 levels by FY2009/10. In efforts toward this goal, all vehicle and equipment purchases will include the exploration and analysis of possibilities for more fuel efficient, lower emission or alternatively powered options such as LNG (Liquefied Natural Gas), propane, E85, electricity or smaller fuel efficient vehicles. Vehicle utilization is currently being evaluated to identify and address the proper use and actual need for vehicles assigned to work groups city-wide. Additionally, a city-wide global positioning system (GPS) and electronic work order systems implementation will begin in FY2008/09 to assist Fleet Management in tracking and reducing idle times, miles per gallon, engine problems and trip distances.

Committee/Commission Action: Not applicable

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.

In July 2008, the County of Sacramento (County) issued Request for Bid (RFB) nos. 7283 and 7287 for the purchase of diesel fuel and gasoline and LNG fuels, which also named the City as a participant and stated the City's fuel requirements and fueling locations, in an attempt to capture greater savings for both the City and County. Hunt & Sons and Clean Energy were awarded contracts resulting from the above stated bids.

Financial Considerations: Sufficient funds are available in the Department of General Services, Fleet Management Division, FY2008/09 operating budget to purchase fuel for fleet equipment. Purchases made during fiscal years 2009/10 and 2010/11 are subject to funding availability in the adopted budget for that year.

The annual amounts for each contract are based on the estimated expenditures in the following table. Escalations were included in the estimates below to allow for price increases and possible growth of the City's fleet, especially for the use of LNG given that 23 LNG powered refuse collection vehicles are currently on order.

Hunt & Son's (Diesel/Unleaded)		Clean Energy (LNG fuel)	
Year 1	\$8,400,000	Year 1	\$700,000
Year 2	\$9,900,000	Year 2	\$800,000
Year 3	\$11,700,000	Year 3	\$1,000,000
Total	\$30,000,000	Total	\$2,500,000

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.

As of May 31, 2008, the Department of General Services achieved an ESBD percentage of 36.84% for FY2007/08.

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. 2008-XXXX

Adopted by the Sacramento City Council

August 19, 2008

APPROVING THE USE OF COOPERATIVE PURCHASING AGREEMENTS FOR THE PURCHASE OF FUEL 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 approved by City Council, purchase supplies through contracts of other governmental jurisdictions without separate competitive bidding, where it is advantageous to the City.
- C. In July 2008, the County of Sacramento (County) issued Request for Bid (RFB) nos. 7283 and 7287 for the purchase of diesel and gasoline and Liquid Natural Gas (LNG) fuel. Hunt & Sons and Clean Energy were awarded contract nos. WA00023576 and WA00023537, respectively.

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

- Section 1. The use of County of Sacramento contract WA00023576 with Hunt & Sons is approved for the purchase of diesel fuel and gasoline, in an amount not to exceed \$30 million through August 31, 2011 or until the contract is no longer available for use.
- Section 2. The use of County of Sacramento contract WA00023537 with Clean Energy is approved for the purchase of LNG fuel, in an amount not to exceed \$2.5 million through August 31, 2011 or until the contract is no longer available for use.
- Section 3. The City Manager or the City Manager's designee is authorized to execute the necessary purchases in the amounts specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal years.