



## City of Sacramento City Council

915 I Street, Sacramento, CA, 95814  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Meeting Date:** 9/6/2011

**Report Type:** Consent

**Title:** Cooperative Purchase Agreement: Diesel and Unleaded Fuels

**Report ID:** 2011-00766

**Location:** Citywide

**Recommendation:** Adopt a Resolution: 1) approving the use of the County of Sacramento cooperative purchase agreement (Contract No. WA00028170) for the purchase of diesel, and unleaded fuels from Hunt and Sons, Inc. in an amount not to exceed \$25 million through August 31, 2014 or until the contract is no longer available for use; and 2) authorizing the City Manager or the City Manager's designee to execute the purchases specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

**Contact:** Marc Robles, Program Analyst, (916) 808-6343; Craig Lymus, Acting Procurement Manager, (916) 808-5524; Keith Leech, Fleet Manager, (916) 808-5869, General Services Department

**Presenter:** None

**Department:** General Services Dept

**Division:** Fleet Management Admin

**Dept ID:** 13001311

### **Attachments:**

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1-Description/Analysis

2-Resolution

3-Contract/Agreement

### **City Attorney Review**

Approved as to Form  
 Kourtney Burdick  
 8/30/2011 9:07:06 AM

### **City Treasurer Review**

Prior Council Financial Policy Approval or  
 Outside City Treasurer Scope  
 Russell Fehr  
 8/24/2011 11:05:18 AM

### **Approvals/Acknowledgements**

Department Director or Designee: Reina Schwartz - 8/29/2011 10:37:57 AM



## Description/Analysis

**Issue:** The Department of General Services, Fleet Management Division has an ongoing requirement to purchase diesel and unleaded fuels for the City's fleet of vehicles and equipment.

**Policy Considerations:** The recommendations in this report are in accordance with: 1) City Code Section 3.56.240, which states that the City Manager, where advantageous to the City, may, by cooperative purchasing agreements approved by the City Council, purchase supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City; and 2) Resolution No. 2010-346 prohibiting the City from entering into any contract to purchase goods or services from any business or entity headquartered in Arizona.

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** The recommendations in this report involve the purchase of fuel for City vehicles and equipment, and are not considered to be a 'project' in accordance with Section 15378(b)(2) of the CEQA Guidelines. Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

**Sustainability:** The recommended purchases are consistent with the Fleet Sustainability Policy adopted by City Council on February 16, 2010 (Resolution No. 2010-083).

**Commission/Committee Action:** None

**Rationale for Recommendation:** The Department of General Services, Fleet Management Division has an ongoing requirement to purchase diesel, and unleaded fuels for the City's fleet of vehicles and equipment.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers capital 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 purchase agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments and Procurement Services 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.

The City and the County of Sacramento have combined their requirements for the purchase of fuel for many years. In July 2011, the County of Sacramento issued Request for Bid No. 7772 for the purchase of diesel, and unleaded fuels. The bid named the City as a participant,

providing the City's fuel requirements and fueling locations, in an attempt to capture greater savings for both the City and County. Hunt and Sons, Inc. was determined by the County of Sacramento to be the lowest responsive and responsible bidder.

**Financial Considerations:** In determining the recommended spending authorities for fuel, Fleet Management staff reviewed the expenditure history, and also considered future needs and the potential for increasing fuel prices. Annual expenditure estimates are provided in the table below. Sufficient funds are available in the Department of General Services, Fleet Management Division FY2011/12 operating budget (Fleet Fund, Fund 6501) to make the estimated expenditures through June 30, 2012. Purchases made after June 30, 2012 through August 31, 2014 or until the contract is no longer available for use are subject to funding availability in the adopted budget of the applicable fiscal year(s).

Annual Estimated Fuel Expenditures

Fiscal Year	Estimated Expenditure
FY2011/12	\$ 7,300,000
FY2012/13	\$ 8,200,000
FY2013/14	\$ 9,500,000
Total	\$ 25,000,000

**Emerging Small Business Development (ESBD):** Hunt and Sons, Inc. is not certified as an emerging/small business.



## **RESOLUTION NO. 2011-XXXX**

Adopted by the Sacramento City Council

**September 6, 2011**

### **BACKGROUND**

- A. The Department of General Services, Fleet Management Division has an ongoing requirement to purchase fuel for the City's fleet of vehicles and equipment.
- B. In accordance with City Code Section 3.56.240, the City Manager, where advantageous to the City, may, by cooperative purchasing agreements approved by the City Council, purchase supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City

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

- Section 1. The use of County of Sacramento cooperative purchase agreement (Contract No. WA00028170) for the purchase of diesel and unleaded fuels from Hunt and Sons, Inc. in an amount not to exceed \$25 million through August 31, 2014, or until the contract is no longer available for use is approved.
- Section 2. The City Manager or the City Manager's designee is authorized to execute the purchases specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).



agencies with fuel which conforms to current (at time of order) applicable California Air Resources Board specifications, for each type of fuel ordered.

#### Product/Grade

Gasoline, unleaded regular, 87 octane  
Gasoline, unleaded mid-grade, 89 octane  
Diesel Fuel Type 2

PRICES- Daily prices shall be determined by the OPIS Early Day (10:00 am EST ) OPIS Contract "Rack Average" as reported for Sacramento (Rack Fax), for regular unleaded gasoline (87 octane), mid-grade unleaded gasoline (89 octane), and CARB diesel #2 (red and clear). The OPIS price shall be adjusted in accordance with the plus/minus cents per gallon as bid in the price response section of the RFB. The plus/minus adjustment shall remain firm for the entire Contract term and any subsequent renewal periods.

Hunt & Sons shall be responsible to fax or e-mail each day the adjusted prices to approximately 10 County, City and School customers.

Hunt & Sons may purchase fuel from major refineries or other reliable sources in order to obtain the lowest available prices. It shall be the vendor's responsibility to manage purchases from its sources so as not to jeopardize its ability to supply fuel to the County.

ALLOCATION/RATIONING - In the event that the federal, state or local regulations require fuel allocations or rationing, the vendor shall guarantee delivery of sufficient quantities of fuel to insure continued operation of County/City of Sacramento's business, in accordance with said regulations.

QUANTITIES - Quantities shown are the estimated annual requirements of the County and City of Sacramento.

Participating agencies shall not be obligated to purchase a minimum monthly or annual quantity and shall not be required to purchase all of its requirements from a Contract resulting from this RFB.

Participating agencies shall have the right to purchase quantities in excess of estimated annual requirements.

Vendor may be required to make occasional emergency on site or weekend deliveries. Such deliveries shall be by special request of the individual ordering agency. Any additional charges for said emergency deliveries shall be negotiated between the vendor and ordering agency, separate from this RFB.

If an order is placed for a truck and trailer quantity to be delivered to a truck and trailer location and the vendor elects to make the delivery in a vehicle of lesser capacity, the vendor shall not charge more than the truck and trailer prices.

All deliveries shall be made in metered trucks, or temperature

correction adjustments to 60 degrees Fahrenheit shall be made.

Deliveries shall be made within 24 hours after order is placed unless otherwise specified by the ordering agency.

CONTINUANCE OF CONTRACT - Continuance of the Contract for the full period specified shall be contingent upon satisfactory performance by the vendor. Continuing unrectifiable performance deficiencies may be cause for immediate cancellation of the contract.

TERMINATION: Any Contract resulting from this RFB may be canceled by the County upon thirty (30) days written notice.

RESTRICTED QUANTITIES - County is not limited to purchase all of its requirements from a Contract resulting from this RFB.

INDEMNIFICATION - The Provider shall indemnify, defend and hold harmless County, its officers, employees, and agents, from and against any and all claims, losses, liabilities, or damages, demands and actions including payment of reasonable attorneys' fees, arising out of or resulting from the performance of this Agreement, caused in whole or in part by any negligent or willful act or omission of the Provider, its officers, employees, or agents, or anyone directly or indirectly acting on behalf of Provider, regardless of whether caused in part by a party indemnified hereunder.

ASSIGNMENT - Provider shall neither assign nor subcontract any of the services required under this Contract without prior written consent of the County.

COMPLIANCE WITH LAWS - Provider shall comply with all Federal, State, and County statutes, ordinances, regulations, directives, and laws, and the Contract shall be deemed to be executed within the State of California and construed with and governed by the laws of the State of California.

#### Insurance Requirements

Without limiting Provider's indemnification, Provider shall procure and maintain and shall require any of its subcontractors or sub-haulers to procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Provider, his agents, representatives or employees. County shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the County's Risk Management Office the insurance provisions in these requirements do not provide adequate protection for County and for members of the public, County may require Provider to obtain insurance sufficient in coverage, form and amount to provide adequate protection. County's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

#### Verification of Coverage

Provider shall furnish the County with certificates evidencing coverage required below. Certified copies of required endorsements must be attached to provided certificates. All certificates are to be received and approved by the County before work commences. The County reserves the right to require that Provider provide complete, certified copies of any policy of insurance offered in compliance with these specifications. As an alternative to insurance certificates, the Provider's insurer may voluntarily provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by these specifications.

#### Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 (06 92) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
4. Environmental/Pollution Liability insurance including coverage for Third Party Pollution Liability, Remediation coverage, offsite cleanup and collision and overturn.

#### Minimum Limits of Insurance

Provider shall maintain limits no less than:

1. General Liability: \$10,000,000 Combined Single Limit per occurrence for bodily injury, personal injury and property damage.
2. Automobile Liability: \$10,000,000 Combined Single Limit per accident for bodily injury and property damage.
3. Workers' Compensation: Statutory
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
5. Pollution Liability: \$5,000,000 per accident

#### Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by the County. At the option of the County, either: the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the County, its officers, officials, employees and volunteers; or the Provider shall procure a bond guaranteeing

payment of losses and related investigations, claim administration and defense expenses.

#### Other Insurance Provisions

The insurance policies required in this agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

1.The County, its officers, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of the Provider; products and completed operations of the Provider; premises owned, occupied or used by the Provider; or automobiles owned, leased, hired or borrowed or operated under contract or agreement by or for Provider. The coverage shall contain no special limitations on the scope of protection afforded to the County, its officers, officials, employees, agents or volunteers.

2.For any claims related to this project, the Provider's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees, agents or volunteers shall be excess of the Provider's insurance and shall not contribute with it.

3.Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the County, its officers, officials, employees, agents or volunteers.

4.The Provider's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the County.

6.The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the County, its officers, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with work performed under this agreement by the Provider.

#### Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII. The County Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the County and the general public are adequately

protected.

Item	Tgt. qty.	Unit	Price	Unit of	Extended
Mat Num		Description	/ Unit	Measure	Value
00010	2,900,000	Dollar Gas & Diesel	1.00	/ 1 \$	2,900,000.00

Pricing is daily OPIS as adjusted below:

TRUCK AND TRAILER DELIVERIES:

GASOLINE, UNLEADED	\$ -0.0395 /GL
GASOLINE, UNLEADED MID	\$ -0.0545 /GL
DIESEL # 2	\$ +0.0055 /GL

TANK WAGON DELIVERIES:

GASOLINE, UNLEADED	\$ +0.0535 /GL
GASOLINE, UNLEADED MID	\$ +0.0385 /GL
DIESEL # 2	\$ +0.0585 /GL
RED DIESEL (OFF ROAD)	\$ +0.0585 /GL

Cardlock:

GASOLINE, UNLEADED	\$ +0.0535 /GL
GASOLINE, UNLEADED MID	\$ +0.0385 /GL
DIESEL # 2	\$ +0.0585 /GL