



Recommendation for Action

File #: 23-1509, **Agenda Item #:** 20.

4/13/2023

Posting Language

Authorize negotiation and execution of two contracts for oils, greases, lubricants, and parts for City vehicles and equipment with Arnold Oil Company of Austin, LP and Lubricant Products & Supplies LLC, each for up to three years in an amount not to exceed \$3,750,000, divided between the contractors.

[Note: This procurement was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9D (Minority Owned and Women Owned Business Enterprise Procurement Program). For the goods required for this procurement, there were no subcontracting opportunities; therefore, no subcontracting goals were established].

Lead Department

Financial Services Department.

Client Department(s)

All City Departments.

Fiscal Note

Funding in the amount of \$522,500 is available in the Fiscal Year 2022-2023 Operating Budget of various City departments. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

Multiple cooperative purchase programs were reviewed for these goods. The Financial Services Department has determined these contractors best meet the needs of the departments to provide the goods required at the best value for the City.

For More Information:

Inquiries should be directed to Jo Gutierrez, at 512-974-2827 or Jo.Gutierrez@austintexas.gov [<mailto:Jo.Gutierrez@austintexas.gov>](mailto:Jo.Gutierrez@austintexas.gov).

Additional Backup Information:

These contracts will provide oils, greases, lubricants and parts for City-owned vehicles and equipment. The lubricating products include motor oils, transmission fluids, gear oils, hydraulic oils, and grease. Using high quality products helps maintain the vehicles and equipment in good operating condition, lowers maintenance costs, and extends the lifecycle of the vehicles and equipment.

The requested authorization amount was determined using departmental estimates based on historical spend, future usage, and anticipated price increases on the fuel, oil, and other fuel indexes. The recommended contractors are the current providers for these goods.

The current contract expires on November 30, 2023; however, staff is bringing forward these new contracts at this time since the current contract authority will be depleted before it expires due to added departments and price increases.

The Texas Association of School Boards, Inc. (BuyBoard) cooperative establishes competitively bid contracts that can be utilized by the State and other government agencies through a cooperative agreement. Cooperative agreements save taxpayer dollars by leveraging the State's volume-buying power to drive down costs on hundreds of contracts through a streamlined cooperative purchasing program.

If the contracts are not secured, the City will not have a reliable source for oils, greases, lubricants and parts for City vehicles and equipment, and will be forced to procure these goods on an as needed basis, which may result in higher prices.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	1 yr.	\$1,250,000
Optional Extension 1	1 yr.	\$1,250,000
Optional Extension 2	1 yr.	\$1,250,000
TOTAL	3 yrs.	\$3,750,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Mobility.