



# San Bernardino County

## Legislation Text

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**File #: 3626, Agenda Item #: 47**

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### **REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION**

**February 9, 2021**

#### **FROM**

**VALERIE CLAY, Interim Director, Purchasing Department**

#### **SUBJECT**

Freight Management Program

#### **RECOMMENDATION(S)**

Approve a two-year Agreement with Triose, Inc. for freight management services, at fixed rates, for the period of March 1, 2021 through March 1, 2023.

(Presenter: Valerie Clay, Interim Director, 387-2074)

#### **COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Improve County Government Operations.**

**Operate in a Fiscally Responsible and Business-Like Manner.**

#### **FINANCIAL IMPACT**

Approval of this agreement will not result in the use of additional Discretionary General Funding (Net County Cost). County Departments utilizing these services must ensure sufficient appropriation is included in each Department's respective annual budget.

#### **BACKGROUND INFORMATION**

Several years ago, the Purchasing Department (Purchasing) identified an area for potential cost savings and began requesting that County departments list shipping charges on a separate line item on purchase orders with the intent of developing a process to internally manage transportation and logistics. During the implementation of SAP, the project was placed on hold. However, after successful conversion of purchase orders from ePro to SAP, work on the project resumed.

Purchasing believes that a Freight Management Program (Program) will provide the most economical freight rates and manage routing to the County's advantage. Purchasing's Surplus Property and Logistics Division will oversee the Program in coordination with their Procurement Division.

#### **PROCUREMENT**

On October 22, 2018, a request for proposals (AGENCY19-PURC-3187) was released to select a vendor to provide freight management services, including competitive pricing to reduce costs, managing freight movement, and providing an on-going quality control program. Out of 49 notified vendors, the following two responded by the proposal deadline:

Vendor	Location
Triose, Inc.	Wyomissing, PA
Bedrock Logistics LLC	Dallas, TX

Proposals were evaluated based on vendor qualifications and experience, a technical review of the functionality of their systems, overall cost benefit, and reference checks. Proposals were evaluated by a team of representatives from Purchasing, Public Works, the Sheriff/Coroner/Public Administrator, Arrowhead Regional Medical Center, and Innovation and Technology (IT). Triose, Inc. (Triose) was selected and extensive negotiations have been conducted.

Working in collaboration with Purchasing's Logistics Coordinator, Triose will maintain a website portal to obtain shipping quotes for any shipment in excess of 150lbs. Rate quotes will be generated by origin, destination zip codes, weight, class, piece count, pallet count, and any additional services that may be requested (i.e. lift gates, etc.). Triose will track and provide quarterly reports demonstrating customer cost savings per County department. Triose will also provide assistance with filing any damage claims. The County will access Triose's discounted rate of 65% off list pricing on all large cargo/capital shipments over 150lbs. Triose will be reimbursed the final discounted price.

Triose is a 3<sup>rd</sup> party logistics (3PL) company and follows standard commercial contract terms for the industry, which contain terms that differ from the standard County contract. After extensive negotiations, the non-standard terms include the following:

1. Triose will ensure that all insurance requirements are maintained by any freight carrier that transports County goods.
  - The County standard contract requires the contractor to maintain all required levels of insurance determined by Risk Management.
  - Potential Impact: Standard operating procedure in the logistics industry is that the Carriers (who are required to maintain insurance levels already) assume the bulk of the risk when transporting goods. Triose would assist in the claims process to help ensure the County is made whole. In addition, Triose will carry an additional coverage of \$100,000 per load incidental coverage.
2. Indemnification language was modified after consulting with County Counsel and Risk Management to match industry standards for 3PL.
  - The standard contract provision for indemnity is: Contractor will indemnify, defend, and hold harmless County and its officers, employees, agents and volunteers, from any and all claims, actions, losses, damages and/or liability (including without limitation reasonable attorneys' fees) arising out of the Contract from any cause whatsoever. The indemnification provision applies regardless of the existence or degree of fault of the County, with the exception of the County's sole negligence or willful misconduct.
  - Potential Impact: Triose shall only utilize Carriers and other Subcontractors that agree to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of their respective negligence or willful misconduct. This limits the indemnification obligation to only negligent and willful misconduct of a Carrier and does not require indemnification for the County's conduct. Inclusion of an indemnification requirement may limit the amount of Carriers that can transport County goods but will ensure the County maintains the required levels of protection to meet County standards. In addition, if certain requirements are not met by the County, the County will indemnify the Carrier for damages that result due to the transport of hazardous material.

Purchasing recommends approval of this Contract, including the non-standard terms which are typical in the logistics industry, due to the higher cost and complexity of developing and creating a County logistics platform and the potential cost savings in shipping goods countywide.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Kristina Robb, Deputy County Counsel, 387-5436) on January 13, 2021; Finance (Monique Amis, Administrative Analyst, 387-4883) on January 21, 2021; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on January 21, 2021.