



# City Council Report

**Date:** April 21, 2014  
**To:** City Council  
**Through:** Alex Deshuk, Manager of Technology and Innovation  
**From:** Edward Quedens, MPA, C.P.M., CPPO, Business Services Director  
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator  
**Subject:** One (1)-Year Renewal of the Term Contract for Jet Aviation Fuel for the Police Department **(Citywide)**

## Purpose and Recommendation

Council is requested to approve the Renewal of the Term Contract for Jet Aviation Fuel as recommended.

Police and Purchasing recommend authorizing a one (1)-year renewal with Mercury Fuels, Inc. at \$275,000 annually, based on estimated requirements.

## Background / Discussion

This contract provides Jet "A" Aviation fuel for the Police Aviation Unit. The Unit operates three helicopters based at their facility located at the Falcon Field Airport in northeast Mesa. The fuel is refinery blended and meets ASTM D1655 specifications, as amended, for Jet "A" Aviation Fuel without Prist, anti-ice additive. The City's estimated annual usage is 70,000 gallons. Bulk fuel orders are placed as needed.

On July 1, 2010, Council approved the initial three-year contract with renewal options, and on July 8, 2013, approved the first one (1)-year renewal. This is second and final, one-year renewal contract.

Mercury Fuels, Inc. agreed to renew the contract without a change in their mark-up. This vendor has maintained this mark-up through the initial three-year term, and first, one-year renewal. The City has been satisfied with the vendor's performance. This contract continues to be advantageous to the City and it is in the City's best interest to renew the contract.

Based on fuel expenditures for FY 2012/13 (\$199,133) and projected FY 2013/14 012 (estimated at \$230,000 plus), Police has requested to increase the annual renewal contract by \$100,000, from \$175,000 to \$275,000. The additional funding would allow for projected normal fuel price increases as well as provide a buffer in the event of a price shock due to unforeseen supply, refining disruptions and/or geo-political upheaval, all of which can significantly affect fuel prices.

## Alternatives

Council may choose not to authorize the purchase and new bids will be obtained.

## **Fiscal Impact**

The total amount of \$275,000 is available in the Police operating budget.

## **Coordinated With**

Police and Purchasing

## **PURCHASING INFORMATION**

Action: Renewal

Procurement Type: Request for Bids

Solicitation Number: 2010139

Responses Received: Five

Initial Contract Term: Three Years

Renewal Term: Second, One-Year

Renewal Terms Remaining: None

## **May 4, 2010 Bid Results:**

Mercury Fuels Inc. dba MercFuel, Inc.  
Los Angeles, CA

Mark-Up \$0.105 / gallon  
\$2.3836 / gallon (Awarded)

Ascent Aviation Group Inc.  
Parish, NY

Mark-Up \$0.1309 / gallon  
\$2.4067 / gallon

Western States Petroleum Inc.  
Phoenix, AZ

Mark-Up \$0.1355 / gallon  
\$2.4113 / gallon

Western Petroleum Co.  
Eden Prairie, MN

Mark-Up \$0.1430 / gallon  
\$2.4188 / gallon

Arrow Energy Inc.  
Saline, MI

Mark-Up \$0.3000 / gallon  
\$2.5758 / gallon

## **RENEWAL RECOMMENDATION** ***Mercury Fuels, Inc. dba MercFuel, Inc.*** **Los Angeles, CA**

Description
Fuel, Jet "A" Aviation per Terms & Conditions, Specifications and Pricing as offered - Total Delivered Jet "A" Aviation Fuel Price (Sum of Mark Up Price plus Base Price, not including any taxes)
<b>Annual Contract Amount: <u>\$275,000</u></b>