



# City Council Report

**Date:** October 20, 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:** Six-Month Term Contract for Heavy Duty Synthetic Diesel Oil for the Fleet Services Department **(Citywide)**

## Purpose and Recommendation

Council is requested to approve the Term Contract for Heavy Duty Synthetic Diesel Oil as recommended.

Fleet Services and Purchasing recommend authorizing a six-month contract using the Mohave Educational Services cooperative contract with North American Lubricants at \$40,000.00, based on estimated requirements.

## Background / Discussion

In April 2014, Fleet Services began a pilot testing program using synthetic 15w40 motor oil in the City's large diesel trucks. Before this, Fleet Services used petroleum-based motor oil and experienced higher-than-normal diesel engine internal issues. Nowadays, new diesel engines come with synthetic oil as OEM equipment. Fleet began using synthetic oils to retain their warranty coverage and determine its impact on the City's diesel engine maintenance issues.

Fleet Services researched synthetic diesel oil products. Local municipalities, including Town of Gilbert, City of Scottsdale, and other agencies referred PureSyn as a reliable product distributed by a local company, North American Lubricants based in Scottsdale. Fleet also determined the product, 15w40 CJ-4 synthetic oil, would be the best product for the City's diesel engine fleet.

In April 2014, management administratively approved the purchase of 15w40 CJ-4 synthetic oil with North American Lubricants, using the Mohave cooperative contract, at \$25,000.00. Purchases have reached this upper limit.

Fleet needs an additional \$40,000.00 to continue the pilot testing program through April 2015 allowing for a full year of testing. Preliminary test results have been very positive as internal diesel engine repairs over the past six months have been down by nearly 40%. Previous usage indicates a monthly expense of \$5,500.00 for this product. The amount of \$40,000.00 should be adequate for another six months of testing through April 2015 .

Mohave Educational Services awarded a contract to North American Lubricants on 7/1/2013, with a one-year initial term and four, one-year renewal options available. Future annual renewals will be subject to the Mohave renewing its contract. Any renewals beyond this initial one-year term will be subject to future Council consideration.

### **Alternatives**

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

### **Fiscal Impact**

The six-month contract amount is funded by the Fleet Services department operating budget.

### **Coordinated With**

Fleet Services and Purchasing

### **PURCHASING INFORMATION**

Action: Initial Award

Contracting Agency: Mohave Educational Services

Contracting Agency Contract Number: 13I-NAL-0701

Mesa Contract Number: 2015083

Contract Term: Six Months

Possible Renewals: Three, one-year renewals subject to future Council consideration

### **AWARD RECOMMENDATION**

***North American Lubricants  
Scottsdale, AZ***

Description
Heavy Duty Synthetic Diesel Oil per Mohave Arizona Cooperative Purchasing Contract #13I-NAL-0701
<b>Six-Month Contract Amount: <u>\$40,000.00</u></b>