



# City Council Report

**Date:** July 8, 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-Year Renewal for the Term Contract for Heavy Duty Synthetic Diesel Oil for the Fleet Services Department **(Citywide)**

## Purpose and Recommendation

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

The Fleet Services Department and Purchasing recommend authorizing a one-year renewal using the Mohave Educational Services cooperative contract with North American Lubricants at \$65,000.00, 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. Today, 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 has been using the PureSyn, 15w40 CJ-4 synthetic oil for 14 months and determined it is 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. On October 20, 2014, Council approved the Six-Month Term Contract for Heavy Duty Synthetic Diesel Oil at \$40,000.00. On April 13, 2015, management administratively approved a two-month extension through 6/30/2015 and increase of \$25,000.00, to coincide with the Mohave Educational Services contract.

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. On June 2, 2015, Mohave executed their second, one-year renewal (7/1/2015 through 6/30/2016).

This is a one-year renewal with two, one-year renewal options remaining subject to Mohave renewing its contract. Any future renewals beyond this 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 annual contract amount is funded by the Fleet Services Department operating budget.

## Coordinated With

Fleet Services and Purchasing

## **PURCHASING INFORMATION**

Action: Renewal

Contracting Agency: Mohave Educational Services

Contracting Agency Contract Number: 13I-NAL-0701

Mesa Contract Number: 2015083

Initial Contract: Six Months (10/20/2014 through 4/28/2015)

Two-Month Extension: 4/28/2015 through 6/30/2015

Renewal Contract Term: One-Year (7/1/2015 through 6/30/2016)

Possible Renewals: Two, one-year renewal options

## **RENEWAL RECOMMENDATION**

***North American Lubricants***

**Scottsdale, AZ**

Description
Heavy Duty Synthetic Diesel Oil per Mohave Arizona Cooperative Purchasing Contract #13I-NAL-0701
<b>Annual Contract Amount: <u>\$65,000.00</u></b>