



City Council Report

Date: July 11, 2016
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 annually, 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 and using synthetic oil retains their warranty coverage. It is the best product for the City's diesel engine fleet.

In April 2014, management administratively approved the purchase of this synthetic oil with North American Lubricants, using the Mohave cooperative contract, at \$25,000.00. On 10/20/2014, Council approved the Six-Month Term Contract for Heavy Duty Synthetic Diesel Oil at \$40,000.00. Coinciding with the Mohave Educational Services contract term, management administratively approved a two-month extension through 6/30/2015 and increase of \$25,000.00 on 4/13/2015; and Council approved the one-year renewal (7/1/2015 through 6/30/2016) on 7/8/2015. This is the second, one-year renewal with a one-year renewal option remaining subject to Mohave renewing its contract and future Council consideration.

Alternatives

Council may choose not to authorize the purchase and new responses will be solicited.

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)

Renewal Contract Term: Second, One-Year (7/1/2016 through 6/30/2017)

Possible Renewals: One-year renewal

RENEWAL RECOMMENDATION

North American Lubricants

Scottsdale, AZ

Description
<p data-bbox="272 869 1401 940">Heavy Duty Synthetic Diesel Oil per Contract No. 2015083 and Mohave Arizona Cooperative Purchasing Contract #13I-NAL-0701</p> <p data-bbox="574 978 1141 1014">Annual Contract Amount: <u>\$65,000.00</u></p>