



# City Council Report

**Date:** September 12, 2016  
**To:** City Council  
**Through:** Mike Kennington, Chief Financial Officer  
**From:** Edward Quedens, MPA, C.P.M., CPPO, Business Services Director  
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator  
**Subject:** Three-Year Term Contract for Gasoline and Diesel Fuel for Citywide Departments as requested by the Fleet Services Department **(Citywide)**

## Purpose and Recommendation

Council is requested to approve the Term Contract for Gasoline and Diesel Fuel as recommended.

The Fleet Services Department and Purchasing recommend awarding the contract to the overall lowest, responsive and responsible bidder, Western States Petroleum, Inc., at \$6,800,000.00 annually, based on estimated requirements.

## Background / Discussion

The City of Mesa bid this contract cooperatively as the lead agency. This contract will provide gasoline and diesel fuel for the City of Mesa, Mesa Unified School District, Town of Gilbert, Gilbert Public Schools, Tempe Union High School District and City of Glendale.

This solicitation was completed using a reverse auction which allows bidders to compete head to head in a dynamic live auction. 12 vendors were qualified to submit bids; only 9 vendors bid. During the reverse auction that lasted 54-minutes, there were 335 bids placed and the lead changed 19 times. The City realized a total price reduction of \$14,376.80 below the previous contracted rate.

The City's annual estimate usage, OPIS price less discount effective on 7/25/2016, used during the Reverse Auction to determine the City's overall savings:

City of Mesa Product	Projected gallons purchase next 12 months	Current City of Mesa and State discount / markup	Projected annual cost under current contracts and OPIS price dated 7/25/16	Overall low Reverse Auction – Western States	Projected annual cost under new Reverse Auction contracts and OPIS price effective 7/25/16

CBG10 (unleaded)	1,044,194	-.045 \$1.5907/gal.	\$1,660,999.40	-.030 \$1.6057/gal.	\$1,676,662.31
ULSD (diesel)	92,359	-.045 \$1.4096/gal.	\$130,189.25	-.028 \$1.4266/gal.	\$131,759.35
B20 biodiesel	638,582	-.045 \$1.5210/gal.	\$971,283.22	-.0945 \$1.4715/gal.	\$939,673.41
Total	1,775,135		\$2,762,471.87		\$2,748,095.07
Overall Savings					\$14,376.80

## Alternatives

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

## Fiscal Impact

The annual contract amount is available in the Fleet Services Department operating budget.

## Coordinated With

Fleet Services and Purchasing

## **PURCHASING INFORMATION**

Action: Initial Award

Procurement Type: Request for Bids

Solicitation Number: 2017002

Vendors Registered: ProcureAZ (205) and Vendor Self Service (44)

Advertising: Arizona Republic, Bid Net, ProcureAZ and Purchasing Website

Downloads: 35

Responses: 12

Local Consideration: Policy did not apply to this procurement method (reverse auction)

Protests Received: None

Initial Contract Term: Three years

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

Prices: Future price increases are capped by the Index – N/A

Pricing Available to Other Cooperative Agencies: Yes

## **Vendors submitted a bid for reverse auction qualification effective July 21, 2016**

Allied Energy LLC - Scottsdale, AZ

Arizona Fuel Distributors LLC - Tempe, AZ

Mansfield Oil Company of Gainesville, Inc. - Gainesville, GA

Next Generation Fuel, LLC - Middletown, OH

Pioneer Distributing - Phoenix, AZ

Pro Petroleum, Inc. - Phoenix, AZ

Senergy Petroleum LLC - Mesa, AZ

Southern Counties Oil Co., a California Limited Partnership dba SC Fuels - Orange, CA

Supreme Oil Co. - San Diego, CA  
Truman Arnold Companies dba TAC Energy - Dallas, TX  
Western Refining Wholesale, LLC - Tempe, AZ  
Western States Petroleum, Inc. - Phoenix, AZ

**AWARD RECOMMENDATION**  
***Western States Petroleum, Inc.***  
**Phoenix, AZ**

Description
Gasoline and Diesel Fuel per Agreement No. 2017002; Exhibits – Scope of Work, Pricing, Mesa Standard Terms and Conditions; Other Exhibits; Solicitation including any addenda; and Contractor Response
<b>Annual Contract Amount: <u>\$6,800,000.00</u></b>