



City Council Report

Date: June 17, 2019
To: City Council
Through: Michael Kennington, Chief Financial Officer
From: Edward Quedens, Business Services Director
Matt Bauer, Procurement Administrator
Subject: One-Year Renewal with a One-Year Renewal Option to the Term Contract for Gasoline and Diesel Fuel for Citywide Departments as requested by the Fleet Services Department **(Citywide)**

Recommendation

Council is requested to approve the contract renewal as recommended.

The Fleet Services Department and Purchasing recommend authorizing the renewal with Western States Petroleum, Inc., at \$6,800,000 annually, based on estimated requirements.

Background / Discussion

The City of Mesa bid this contract cooperatively as the lead agency in June of 2016. This contract provides 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.

The City's present annual usage is \$3,818,112. Fleet Services would like to keep the contract value at \$6,800,000 for the renewal due to rising fuel costs. The vendor's pricing is based upon the Oil Price Information Service (OPIS) index for Arizona. The City's cost is the contract markup or discount plus the OPIS weekly index price and becomes effective for the week following index publication.

Western States Petroleum, Inc. agreed to renew the contract under the same terms, conditions and current pricing. Multiple government agencies initially provided their usage and currently utilize this contract. 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.

Purchase Information

Action: Renewal (1st of 2 possible)
Procurement Type: Request for Bids
Contract Number: 2016201
Responses Received: 12 (9 Reverse Auction Bidders)
Original Council Award Date: 9/12/2016
Initial Contract Term: Three years
Funding Source: Fleet Services Department operating budget through the Fleet Internal Services Fund