



# City Council Report

**Date:** May 20, 2013  
**To:** City Council  
**Through:** Alex Deshuk, Manager of Technology and Innovation  
**From:** Edward Quedens, MPA, C.P.M., CPPO, Business Services Director  
 Alyce Benge, C.P.M., CPPO, Purchasing Administrator  
**Subject:** Three-Year Term Contract for Gasoline and Diesel Fuel for the City of Mesa and Mesa Unified School District No. 4 **(Citywide)**

## Purpose and Recommendation

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

Fleet Services and Purchasing recommend awarding the contract to the lowest, responsive and responsible bidder, Supreme Oil Company at \$6,800,000 annually, based on estimated requirements.

## Background / Discussion

This contract will provide gasoline and diesel fuel for the City of Mesa and the Mesa Unified School District No. 4. The gasoline must be refinery blended per fuel specifications. (Unleaded Gasoline, 87 minimum octane per ASTM D-4814; Diesel Motor Fuel, Ultra Low Sulfur per ASTM D-0975-02, Grade 2D and Federal Specification WF-8008, Grade of 2; and Diesel Motor Fuel, Ultra Low Sulfur (Red Dye) per ASTM D-0975-02, Grade 2D and Federal Specification WF-8008, Grade of 2.).

<b>Annual Estimated Usage by Agency</b>	<b>City of Mesa</b>	<b>Mesa Unified School District No. 4.</b>
CBG Ethanol 10% Unleaded Gasoline	1,000,000 gallons	200,000 gallons
#2 ULS Diesel & Biodiesel Fuels (B20)	900,000 gallons	25,000 gallons
#2 ULS Diesel - Red Dye	0 gallons	875,000 gallons

Bid specifications require the vendor's inventory level be sufficient to provide daily support of the City's (13 delivery locations) and Mesa Unified School District's requirements to be supplied within 24 hours of order placement.

18 vendors (including 1 Mesa vendor) were invited to submit a response, in addition to the standard advertising in the Arizona Republic, Bid Net, Record Reporter and the City of Mesa Purchasing website. 18 vendors downloaded the solicitation from the Purchasing website. 7 responses were received.

Management Policy #214 (removing 1.75% Mesa City TPT from the Mesa vendor's pricing for the purpose of bid evaluation) was not applied to this bid because there is no local transaction privilege tax on fuel purchase.

The initial contract period will be three years with two, one-year renewal options possible subject to future Council consideration.

### **Alternatives**

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

### **Fiscal Impact**

The total amount of \$6,800,000 is available in the Fleet Services operating budget.

### **Coordinated With**

Fleet Services and Purchasing

### **PURCHASING INFORMATION**

Action: Initial Award

Procurement Type: Invitation for Bids

Solicitation Number: 2013057

Vendors Registered on Bid List: 18 (1 Mesa)

Advertising: Arizona Republic, Bid Net, Record Reporter, Purchasing Website

Downloads: 18

Protests Received: None

Initial Contract Term: Three years

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

Prices: Based upon the "Oil Price Information Service (OPIS)" index for Arizona. Bidders provided the amount of markup or discount upon which their price is calculated against the OPIS index. Pricing during the contract will be based on the OPIS average rack price as determined each Thursday and will be in effect for the week following publication as outlined in the OPIS index. All pricing discounts and markups will be firm for the initial term, except where otherwise provided by the specifications, and include all transportation, insurance and warranty costs. Bid evaluation prices were based on the OPIS Rack Price on March 25, 2013.

Cooperative: Pricing available to other public agencies

**April 4, 2013 Responses:**

Supreme Oil Company Phoenix, AZ	\$9,379,985.00 (Recommended)
Union Distributing Company of Tucson Phoenix, AZ	\$9,388,427.50
Pro Petroleum Inc. Phoenix, AZ	\$9,388,667.50
Western Refining Wholesale, Inc. Tempe, AZ	\$9,463,915.00
Brown Evans Distributing, Co. Mesa, AZ	\$9,511,255.00
Mansfield Oil Company of Gainesville, Inc Gainesville, GA	\$9,516,050.00
RKA Petroleum Companies, Inc. Romulus, MI	\$9,711,527.50

**AWARD RECOMMENDATION**

***Supreme Oil Company  
Phoenix, AZ***

<b>Description</b>		
Gasoline and Diesel Fuel for the City of Mesa and Mesa Unified School District No. 4 per Terms & Conditions, Specifications and Pricing as offered		
<b>For Truck and Trailer Deliveries: (5,000 gallons and over)</b>		
CBG Ethanol 10% Unleaded Gasoline – Discount of \$0.0450 / gallon		
#2 ULS Diesel & Biodiesel Fuels (B20) – Discount of \$0.0450 / gallon		
#2 ULS Diesel - Red Dye – Discount of \$0.0450 / gallon		
<b>For Tank Wagon Deliveries: (Less than 5,000 gallons)</b>		
CBG Ethanol 10% Unleaded Gasoline – Mark-up of \$0.0975 / gallon		
#2 ULS Diesel & Biodiesel Fuels (B20) – Mark-up of \$0.0975 / gallon		
#2 ULS Diesel - Red Dye– Mark-up of \$0.0975 / gallon		
<b>Applicable Taxes</b>	<b>Diesel Gasoline</b>	<b>Unleaded Gasoline</b>
City	0.093% (if not exempt)	--
State	--	--
Road	.26 cents per gallon	.1835 cents per gallon
Lust**	.00219 cents per gallon	.00219 cents per gallon
Super Fund	.01 cents per gallon	.01 cents per gallon
<b>Annual Contract Amount: <u>\$6,800,000</u></b>		