



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

23

2. Council Meeting Date:

February 26, 2015

TO: MAYOR & COUNCIL

3. Date Prepared: February 10, 2015

THROUGH: CITY MANAGER

4. Requesting Department: Fire Health & Medical

5. SUBJECT: Fuel appropriation

6. RECOMMENDATION: Staff recommends City Council approve Amendment No. 2 extending Agreement No. FS9-405-2707 with Western Refining Wholesale, Inc., Senergy Petroleum, LLC, (formally known as Brown Evans Distributing Co.), and Supreme Oil Co., for fuel in an amount not to exceed \$2,400,000 per year, for a total of \$7,200,000 for a term of three years, April 1, 2015, through March 31, 2018.

7. HISTORICAL BACKGROUND/DISCUSSION: The City has an ongoing need to provide gasoline and diesel fuel for vehicles and equipment. The requested extensions involve purchasing agreements that provide automotive fuel from card-lock pump facilities and bulk fuel used in stationary emergency generators and remote fueling sites. Based on historical information the City estimates annual use at 600,000 gallons.

8. EVALUATION PROCESS: In March of 2009, City Council approved the award of agreements to Western Refining Wholesale, Inc., Brown Evans Distributing Co. (now Senergy Petroleum, LLC), and Supreme Oil Co. Staff partnered with the Chandler Unified School District (CUSD) and issued a Request for Proposals that included estimated volume for both the City and CUSD. This agreement sets a card-lock fuel purchase price that ranges from \$0.04 - \$0.048 (the margin) per gallon over the Oil Price Information Service (OPIS) index. Pricing for fuel is based on OPIS + margin + taxes. The margin will remain fixed during the term of the agreement. The OPIS index, which is an independently published fuel index, adjusts weekly in accordance with the fuel market. The agreements were awarded for a three-year term with provisions to extend for two additional three-year periods. The agreement was extended for the first three year term. Staff is requesting approval of the second and final three-year extension. The renewal of this agreement locks the City into the current calculations for another three years.

9. FINANCIAL IMPLICATIONS: Funds for the requested agreement will come from the General Fund, Inventory Fuel (101.0000.0000.1510) and will be charged to the respective department cost centers during the fiscal year the fuel is purchased and used.

10. PROPOSED MOTION: Move to approve Amendment No. 2 extending Agreement No. FS9-405-2707 with Western Refining Wholesale, Inc., Senergy Petroleum, LLC, and Supreme Oil Co., for fuel in an amount not to exceed \$2,400,000 per year, for a total of \$7,200,000 for a term of three years, April 1, 2015 through March 31, 2018.

APPROVALS

11. Requesting Department

James Johnson, Fleet Manager

12. Department Head

Jeff Clark, Fire Chief

13. Procurement Officer

Mike Mandt, CPPB

14. City Manager

Rich Dlugas

AMENDMENT NUMBER TWO
TO AGREEMENT BETWEEN THE CITY OF CHANDLER
AND
WESTERN REFINING WHOLESALE, INC.
FOR FUEL
AGREEMENT NO. FS9-405-2707

This Amendment #2 to that certain Agreement between the City of Chandler (CITY) and Western Refinery Wholesale Inc. (CONTRACTOR) for Fuel dated, March 20, 2009 and amended January 4, 2012, is entered into this 12th day of January, 2015.

WHEREAS, the parties entered into contract for three years ending March 31, 2012;

WHEREAS, the contract has provisions to extend for two additional terms of three years each;

WHEREAS, the parties executed the first extension through March 31, 2015;

WHEREAS, the parties agree to extend the contract for the second and final three year extension at the same terms.

NOW THEREFORE, the parties agree as follows:

1. In accordance with Section 6. Term, This contract is extended for a three-year period, April 1, 2015 through March 31, 2018, .
2. All other terms and conditions of the above referenced Agreement shall remain unchanged and in full force and effect. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 12th day of January, 2015.

CITY OF CHANDLER:

By: _____
Mayor

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

CONSULTANT:

By: _____
Title: VP WHOLESALE

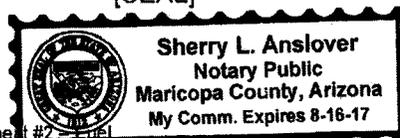
ATTEST: (If corporation)

Secretary

WITNESS: (If individual or Partnership)

Sherry L. Anslover

[SEAL]



AMENDMENT NUMBER TWO TO AGREEMENT NO. FS9-405-2707
AGREEMENT BETWEEN THE CITY OF CHANDLER
AND BROWN EVANS DISTRIBUTING CO. NOW
SENERGY PETROLEUM, LLC. FOR FUEL
RELATING TO ASSUMPTION OF CONTRACT AND OBLIGATIONS THEREUNDER BY
SENERGY PETROLEUM, LLC AND EXTENSION OF CONTRACT

The City of Chandler (CITY) and Brown Evans Distributing Co. (CONTRACTOR) executed an Agreement for the purchase of fuel by CITY on March 20, 2009. The Contract was amended January 4, 2012.

WHEREAS, the initial term of the Agreement was for three years ending March 31, 2012, and the Agreement authorizes two extensions of three year terms;

WHEREAS, the parties executed the first extension through March 31, 2015 on January 4, 2012;

WHEREAS, on August 1, 2013, Union Distributing Co. and Brown Evans Distributing Co. merged and will operate under the name Senergy Petroleum, LLC;

WHEREAS, pursuant to the merger of Union Distributing Co. and Brown Evans Distributing Co., Senergy assumes the obligations of Brown Evans Distributing Co. with regard to the Agreement between CITY and Brown Evans Distributing Co. identified above, and

WHEREAS, Senergy and CITY agree to extend the Agreement for the final three year term.

NOW THEREFORE, the parties agree as follows:

1. Senergy Petroleum, LLC assumes the contractual obligations of Brown Evans Distributing Co. with CITY pursuant to the Agreement dated March 20, 2009, identified above.
2. The Agreement between Brown Evans Distributing Co. and now Senergy Petroleum, LLC is extended for a three-year period, from April 1, 2015 through March 31, 2018 as authorized pursuant to Section 6 of the Agreement dated March 20, 2009 between Brown Evans Distributing Co. and CITY described above.
3. All other terms and conditions of the above referenced Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 3rd day of February, 2015.

CITY OF CHANDLER:

By: _____
Mayor

APPROVED AS TO FORM:

City Attorney [Signature]

ATTEST:

City Clerk

Senergy Petroleum, LLC:

By: [Signature]
Title: PRESIDENT & CEO

ATTEST: (If corporation)

Secretary

WITNESS: (If individual or Partnership)

[SEAL]

AMENDMENT NUMBER TWO
TO AGREEMENT BETWEEN THE CITY OF CHANDLER
AND
SUPREME OIL CO.
FOR FUEL
AGREEMENT NO. FS9-405-2707

This Amendment #2 to that certain Agreement between the City of Chandler (CITY) and Supreme Oil, Co. (CONTRACTOR) for Fuel dated, March 20, 2009 and amended January 4, 2012, is entered into this 12th day of February, 2015.

WHEREAS, the parties entered into contract for three years ending March 31, 2012;

WHEREAS, the contract has provisions to extend for two additional terms of three years each;

WHEREAS, the parties executed the first extension through March 31, 2015;

WHEREAS, the parties agree to extend the contract for the second and final three year extension at the same terms.

NOW THEREFORE, the parties agree as follows:

1. In accordance with Section 6. Term, This contract is extended for a three-year period, April 1, 2015 through March 31, 2018,
2. All other terms and conditions of the above referenced Agreement shall remain unchanged and in full force and effect. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 12th day of February, 2015.

CITY OF CHANDLER:

By: _____
Mayor

APPROVED AS TO FORM:

City Attorney

ATTEST:

City Clerk

[SEAL]

CONSULTANT: CONTRACTOR

By: M. Mantel
Title: RESIDENT

ATTEST: (If corporation)

W. J. Davis
Secretary

WITNESS: (If individual or Partnership)
