



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

53

2. Council Meeting Date:

July 31, 2008

TO: MAYOR & COUNCIL

3. Date Prepared: July 15, 2008

THROUGH: CITY MANAGER

4. Requesting Department: Management Services

5. **SUBJECT** Use of State contract for the purchase of bulk diesel fuel from Western States and Supreme Oil in an amount not to exceed \$270,000.

6. **RECOMMENDATION** Recommend approval to use State contract for the purchase of bulk diesel fuel from Western States and Supreme Oil in an amount not to exceed \$270,000.

7. **HISTORICAL BACKGROUND/DISCUSSION** The City purchases bulk diesel fuel for the Fire Department and Water Treatment Plant. The Fire Department has remote fuel facilities at stations 3, 6 and 7, which are used to fuel fire apparatus. It is estimated that the Fire Department will use a total of 45,000 gallons of diesel fuel at the 3 remote facilities annually. The Water Treatment Plant has a fuel tank, which provides fuel for its boiler. It is estimated that the Water Treatment Plant will use 6,000 gallons of diesel fuel annually.

8. **EVALUATION PROCESS:** The State of Arizona has a contract for bulk fuel, which included the locations above. Pricing is based on a weekly index published by the Oil Price Information Service (OPIS) plus a fixed margin, which varies for different delivery locations. The estimate (\$5.29/Gallon) is based on an estimated OPIS average of \$4.50 plus the fixed margin. The Current OPIS is 4.08.

9. **FINANCIAL IMPLICATIONS:** Funds for the requested fuel will come from the following accounts
Water Operating Fund, Water Treatment, Fuel and Oil (605.3830.0000.5337) \$30,000
General Fund, Support Services, Fuel and Oil (101.2260.0000.5337) \$240,000

10. **PROPOSED MOTION:** Move to approve use of State contract for the purchase of bulk diesel fuel from Western States and Supreme Oil in an amount not to exceed \$270,000.

APPROVALS

11. Requesting Department

Robert Combs, CPPB

12. Department Head

Dennis Strachota, Management Services Director

13. Procurement Officer

Mike Mandt

14. City Manager

W. Mark Pentz