



**Purchasing Supply Agreement  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 45  
AGENDA DATE: Thu 05/27/2004  
PAGE: 1 of 2**

**SUBJECT:** Authorize execution of a 11-month supply agreement through the TEXAS BUILDING AND PROCUREMENT COMMISSION with VALERO MARKETING AND SUPPLY COMPANY, San Antonio, TX, for the supply of ultra low sulfur motor vehicle diesel fuel for Fleet Services in an amount not to exceed \$2,750,000, with one 12-month extension option in an amount not to exceed \$3,000,000, for a total agreement amount not to exceed \$5,750,000.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$1,000,000 is available in the Fiscal Year 2003-2004 Approved Operating Budget of the Financial and Administrative Services Department, Fleet Fund. Funding for the remaining seven months of the original contract period and extension option is contingent upon available funding in future budgets.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

<b>REQUESTING</b> Purchasing	<b>DIRECTOR'S</b>
<b>DEPARTMENT:</b> for Financial and	<b>AUTHORIZATION:</b> <u>Vickie Schubert</u>
Administrative Services;	
Financial and	
Administrative Services -	
Fleet Services;	

**FOR MORE INFORMATION CONTACT:** Rick Fudge, Supervising Sr. Buyer/974-2033

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** Cooperative Purchasing.

**MBE / WBE:** N/A

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The City continues to be in danger of being declared a "Non-Attainment" city by the Environmental Protection Agency (EPA) if it does not continue to take steps to mitigate the pollutants emitted into the air.

The supply of the **ultra** low sulfur diesel motor vehicle fuel will be purchased in lieu of the low sulfur diesel motor vehicle fuel that is currently under contract with another vendor. The low sulfur diesel motor vehicle fuel that is currently under contract has 500 parts per million sulfur content, whereas the ultra low sulfur diesel motor vehicle fuel has 15 parts per million sulfur content. This cleaner burning diesel will be used in all mechanized vehicles and equipment that operate on diesel fuel. The City will purchase the ultra low sulfur diesel every month of the year instead of just the critical months of July, August and September when EPA conducts testing. The supply of this diesel fuel will improve the quality of air and the City's ability to pass EPA tests.

The fuel is only obtainable from Valero Marketing and Supply Company. Valero's price is approximately 14 cents per gallon higher than the existing contract price for low sulfur diesel, and will cost approximately \$128,000 more for this 11-month period.



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The ultra low sulfur diesel motor vehicle fuel has been competitively bid and is available for use by other government agencies through the Texas Building and Procurement Commission Cooperative Purchasing Program.