



CITY OF ALBUQUERQUE

City Council

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September 25, 2015

Peter Pacheco, CIGI, CFE, CICA
Acting Inspector General
City of Albuquerque

RE: Desert Fuels Inc. Contract B2012000526

Mr. Pacheco:

Desert Fuels, Inc. entered into a Transit fuel supply contract with the City of Albuquerque in February, 2012 after a competitive bid process that began in the fall of 2011. The company has had multiple fuel contracts with school districts and municipalities in New Mexico. Desert Fuels, Inc. is one of the largest wholesale fuel suppliers in New Mexico supplying customers such as the New Mexico Rail Runner, the City of Santa Fe, New Mexico Gas, New Mexico Technical Institute, and others.

As a member of the Albuquerque City Council, I did not vote on the award of this contract to Desert Fuels, Inc. or any of the other bidders that were awarded contracts under this solicitation. All contracts that require the approval of the City Council are expressly identified in Section 5-5-19 of the City's Public Purchases Ordinance. This contract did not fall under the Section 5-5-19 Ordinance requirements and thus did not come before the Council for its approval. The Assistant City Attorney for the Purchasing Division has reviewed the file for these fuel contracts and determined that "the contracts that were awarded under this bid did not require City Council approval under Section 5-5-19 of the City's Public Purchases Ordinance".

I began working for Desert Fuels in June of 2012; six months after Desert Fuels began supplying the City of Albuquerque Transit yards with diesel fuel. I am not an owner of Desert Fuels, and I found out about the contract only after I became employed by the company.

In six years as a member of the Albuquerque City Council, as well as in over three years as an employee of Desert Fuels, I have not had any conversations, including emails, phone conversations or personal conversations, with any member of the city purchasing department or any employee of the City of Albuquerque regarding the city's fuel contract with Desert Fuels. Neither have I had any conversations with any member of the city administration, nor any other City Councilors regarding the city's contract with Desert Fuels.

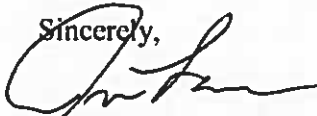
September 25, 2015

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On three occasions in the last three years, the city of Albuquerque entered into hedging mechanisms for fuel purchases. Even though hedging does not have anything to do with the actual fuel contracts or fuel sales between the City of Albuquerque and fuel suppliers, I decided to recuse myself from two of those votes (R-14-100 and R-12-99), and was excused from the third (R-13-247). I recused myself as I did not want there to be any appearance of a conflict of interest. At the time of those recusals, I also disclosed that I was an employee of one of the fuel suppliers under contract with the City of Albuquerque.

For the sake of full disclosure, I have decided to ask the City's Inspector General to review the procurement of this contract. I'm confident that the IG will find I have not and do not have a conflict of interest and that I have been above reproach regarding the city's contract with the company I work for, and that there are no instances of wrong-doing, undue influence, or unethical behavior.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Lewis", written over the word "Sincerely,".

Dan Lewis

City Councilor, District 5



Peter Pacheco
Acting Inspector General

OFFICE OF INSPECTOR GENERAL
City of Albuquerque

P.O. Box 1293, Suite 5025
Albuquerque, New Mexico 87103
Telephone: (505) 768-3150
Fax: (505) 768-3158

September 25, 2015

Dan Lewis
City Councilor, District 5

Subject: Review of fuel contract related to Desert Fuel, Inc.

Dear Councilor Lewis:

The City of Albuquerque Office of Inspector General is in receipt of your formal request to review the procurement contract for Desert Fuel, Inc., your current employer. The Office of Inspector General has begun review of documents related to Desert Fuel, Inc. and its contract with the City.

Our preliminary review shows that Desert Fuel, Inc. was awarded the contract on February 17, 2012, before your employment date of June 1, 2012. Desert Fuel, Inc. is in a pool of eleven vendors that offer the sale of fuel to the City. According to the City's Purchasing Division, when fuel is needed, quotes for the price of fuel for that day are requested from the vendors. The City then orders fuel from the vendor offering the lowest price.

Our preliminary work included:

- Review of the procurement file including the request for bids (RFB) and award documents;
- Review of the contract and contract extensions with Desert Fuels, Inc.;
- Inquiry regarding the process for selection of vendors from the vendor pool; and
- Online search for information regarding Desert Fuels, Inc. and its leadership.

Based on this limited preliminary review, nothing has come to our attention to indicate improprieties. We will continue our review. Upon completion of a full review, the Office of Inspector General will issue a report that will be made public.

The Office of Inspector General is obligated to ensure that the citizens of the City of Albuquerque believe and have faith that any review by the Office of Inspector General is conducted in an objective and fair manner. The aforementioned review will be conducted without bias, and will be independent from any influence from the City Council, the Mayor's Office or any external entity.

Respectfully,

Peter Pacheco
Acting Inspector General
City of Albuquerque

Cc: Accountability in Government Oversight Committee

Yara, Stephanie

From: Bradley, Jennifer L.
Sent: Friday, September 25, 2015 10:24 AM
To: Zaman, Jon K.; Yara, Stephanie
Cc: Jacobi, Jenica L
Subject: B201200526 Transit Fuels Bid

Good morning. This is confirmation that the contracts that were awarded under this bid did not require City Council approval under Section 5-5-19 of the City's Public Purchases Ordinance.

Jennifer Lee Bradley
Assistant City Attorney
CITY OF ALBUQUERQUE
PO Box 1293
Albuquerque, NM 87103
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jlbradley@cabq.gov



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Peter Pacheco, CIGI, CFE, CICA
Acting Inspector General
City of Albuquerque

RE: Desert Fuels, Inc. Contract B2012000526

Mr. Pacheco:

Dan Lewis started employment with Desert Fuels, Inc. June 1, 2012 as the Director of Supply. He became the Executive Vice President in September of 2013. Dan has been the Acting President of Desert Fuels, Inc. since January 1, 2015.

Dan Lewis does not hold any stock or ownership interest in Desert Fuels, Inc.

Sincerely,

Alice Brousseau
Controller
Desert Fuels, Inc.