

COUNCIL ACTION FORM

SUBJECT: CYRIDE FY21 FUEL PURCHASE BID

BACKGROUND:

CyRide has purchased fuel on a calendar year basis since 2014, when fuel futures contracts were last used for budget stabilization. Since then, CyRide has been bidding fuel at a cost over or under market rates on a calendar year basis. Market rate for the bid, and resulting contract, is the Des Moines Terminal average fuel price published daily on the Iowa DOT website. Purchasing fuel in this manner has put the fuel contract out of synchronization with the rest of the commodities CyRide purchases. Since futures contracts will not be used again in the foreseeable future, a six month contract was bid so that fuel purchases could again be aligned with the fiscal year.

On April 29, 2020 CyRide, with the assistance of the City of Ames Purchasing Division, released RFP 2020-140 for the purchase of diesel fuel from July 1, 2020 through June 30, 2021. Bids were due May 6, 2020 and four suppliers provided bids. The bids are listed in the table below.

| Bidder | #1 Diesel | #2 Diesel | Biodiesel | Cold Flow Improver |
|-------------------|------------------|------------------|------------------|---------------------------|
| Keck Energy | -\$0.0350 | -\$0.0180 | -\$1.2000 | \$0.0100 |
| Mansfield Energy | -\$0.0343 | -\$0.0168 | -\$1.1070 | \$0.0150 |
| Diamond Oil | -\$0.0300 | -\$0.0160 | -\$1.1600 | \$0.0105 |
| Petroleum Traders | -\$0.0150 | \$0.0026 | \$0.0026 | \$0.0200 |

CyRide staff performed a bid analysis using the quantities of fuel consumed from January 1, 2019 to December 31, 2019. Keck Energy of Des Moines, IA had the low bid based on this analysis. CyRide has budgeted for 400,000 gallons of fuel during the contract period for a total not-to-exceed contract amount of \$1,100,000. The not-to-exceed contract amount is based on the approved FY21 budget price of \$2.75 per gallon.

CyRide received approval for contract award and the not-to-exceed contract amount from the Transit Board of Trustees at its May 13, 2020 meeting.

ALTERNATIVES:

1. Approve award to Keck Energy as the overall lowest bidder for fuel purchases from July 1, 2020 until June 30, 2021 at a not-exceed contract amount of \$1,100,000.

1. Reject the bids and direct staff to modify the fuel bid to reflect Council priorities.

CITY MANAGER'S RECOMMENDED ACTION:

This bid reflects the lowest price for CyRide to purchase fuel at a deduction from market rate during the specified contract period.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving contract award to Keck Energy of Des Moines, IA for fuel purchases from July 1, 2020 until June 30, 2021 at a not-to-exceed contract amount of \$1,100,000.