

COUNCIL ACTION FORM

SUBJECT: CYRIDE SUMMER FUEL PURCHASE AND PORTABLE TANK RENTAL DURING CONSTRUCTION

BACKGROUND: CyRide will not have use of existing indoor fueling facilities from approximately the third week of May until the third week of August due to the current facility expansion project. As a result, CyRide must rent a portable fuel tank for the summer months. A bid for the portable tank and for fuel for the summer was released on April 26, 2013 with bids due on May 2, 2013. The results of this bid are detailed below.

Description	Keck Energy	New Century FS
Weekly Portable Tank Rental Rate	\$ 45.00	\$ 350.00
Set-up, Removal, & Cleaning Fee for Tank	\$ 400.00	\$ 0
12 Week Total Tank Rental Cost	\$ 940.00	\$ 4,200.00
Cost Over/Under Des Moines Rack for #2 ULSD Diesel	+ 0.077	+0.20
Est. Additional Cost Above the Market (Rack) Rate	\$ 6,006.00	\$15,600.00
TOTAL Cost Above Market Rate (Tank and Fuel)	\$6,946.00	\$19,800.00

As a result, the Keck Energy bid is the lowest cost bid for both the fuel and portable tank. The three bottom lines in the above table note the fuel cost differential that is a part of the bidding process.

CyRide purchases approximately 78,000 gallons of diesel fuel over the summer months, and at the 2012-2013 budgeted fuel price at \$3.50 per gallon, total fuel costs would be \$273,000 for the three-month period. The budgeted fuel amount is used to calculate the total contract cost as the exact market rate for the three-month period is unknown at this time; however, this calculation is used to establish the not-to-exceed amount. **Therefore, the total not-to-exceed contract price for the fuel and portable tank rental is \$273,940 (\$273,000 for fuel and \$940 for the portable tank rental).**

The Transit Board of Trustees approved award of the bid to Keck Energy at their May 9, 2013 meeting.

ALTERNATIVES:

1. Approve contract award up to \$273,940 to Keck Energy of Des Moines, Iowa for the purchase of fuel and portable fuel tank rental during the estimated 12-week construction period when CyRide's permanent fuel facilities will be unavailable.
2. Do not approve the award of fuel purchase and portable fuel tank rental.

MANAGER'S RECOMMENDED ACTION:

With CyRide's fueling station moving as a result of the building expansion, reconstruction of this area cannot occur with buses operating through the fueling lane. This function will need to be outside of the construction area over the summer months, requiring a temporary fueling facility. Through the bidding process, Keck Energy was determined to be the lowest bidder for this temporary facility and fuel during the summer months.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby awarding the fuel and portable fuel tank contract to Keck Energy of Des Moines, Iowa so that CyRide's operation can continue over the summer months while major construction is occurring on its site.