

COUNCIL ACTION FORM

SUBJECT: CYRIDE FUEL PURCHASE FOR CALENDAR YEAR 2019

BACKGROUND:

CyRide purchases approximately 410,000 gallons of fuel each year, divided into smaller purchases every seven to ten days. In order to procure fuel, CyRide, in cooperation with the City of Ames Purchasing Department, annually releases a fuel bid for both diesel and biodiesel fuel.

For the 2019 calendar year, bids were received on November 29, 2018. Under the bid specifications, fuel would be purchased at the market rate with the competitive portion of the bid being the vendor's charge above or below that market rate for delivery of the fuel. Bids were received from the following four firms.

- Diamond Oil
- Petroleum Traders
- New Century FS

Diamond Oil's bid is the lowest overall cost bid. Their proposal included the lowest cost for #2 diesel, biodiesel and Cold Flow Improver categories, which represent a majority of CyRide's expenses. The bids received are as follows:

Bidder	#1 Diesel	#2 Diesel	Biodiesel	Cold Flow Improver
Diamond Oil	-\$0.033	-\$0.018	-\$1.16	-\$0.010
Petroleum Traders	-\$0.0357	\$0.0203	\$0.0203	\$0.0250
New Century FS	-\$0.025	\$0.015	\$0.005	\$0.018

In addition to awarding the fuel delivery bid, CyRide will need to establish a maximum or total contract amount for fuel costs so that the transit agency may order fuel when needed every seven to ten days under the successful bidder's contract. In estimating CyRide's maximum fuel cost for calendar year 2019, staff estimated its fuel usage for the year (410,000 gallons) and multiplied this by the budgeted price per gallon for the current and next year - 2.75/gallon. (This award spans the latter part of the current year and the first six months of next fiscal year.)

This calculation is as follows:

$$410,000 \text{ gallons} \times \$2.75 = \$1,127,500$$

CyRide received approval for the vendor bid and fuel cost from the Transit Board of Trustees at their December 12, 2018 meeting.

ALTERNATIVES:

1. Award the purchase of fuel during calendar year 2019 to Diamond Oil with the lowest cost bid and establish the maximum total contract amount for fuel and delivery not to exceed \$1,127,500.
2. Do not accept bids and request staff to rebid its fuel purchases for calendar year 2019.
3. Do not accept bids and request staff to contract for fuel purchases for calendar year 2019, locking into a contract for pre-determined prices next year.
4. Do not accept bids and purchase fuel at the market rate approximately every 7 days.

MANAGER'S RECOMMENDED ACTION:

This bid reflects the lowest price to purchase CyRide's fuel from a single vendor and will reduce the administrative burden by eliminating the need to complete fuel purchases every seven to ten days during the year.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby purchasing fuel from Diamond Oil during calendar year 2019.