

ITEM#: 6
 DATE: 07-27-23
 DEPT: Transit

COUNCIL ACTION FORM

SUBJECT: CYRIDE AWARD OF CONTRACT FOR FY 2024 FUEL PURCHASES

BACKGROUND:

Since 2015, CyRide has been buying fuel using twelve-month contracts that determine the purchase price based on a market rate plus a markup (or less a deduction). Bidding fuel contracts for a twelve-month period reduces administrative costs while still allowing CyRide to take advantage of competitive bidding. CyRide released a fuel bid in May of this year which resulted in a single bid response. The single bid was rejected by the Transit Board and staff was directed to rebid the fuel contract to seek additional competition.

On June 29, 2023, CyRide, with the assistance of the Purchasing Division, released an Invitation to Bid for the purchase of diesel fuel from August 1, 2023, through June 30, 2024. The procurement documents set a contract not-to-exceed amount equal to CyRide’s fuel budget of \$1,572,500 for fiscal year 2023/24. Bids were due July 13, 2023, and three suppliers submitted bids. The table below reflects the markup/deduction each supplier offers from the market rates.

Bid No. 2023-228 (8/1/23 – 6/30/24)	#1 Dyed ULSD Diesel	#2 Dyed ULSD Diesel	Biodiesel	Magellan’s Cold Flow Improver
Renewable Energy Group (REG)	\$0.0275	\$0.0300	-\$1.0000	\$0.0100
Mansfield Oil Company	-\$0.0071	\$0.0261	-\$0.5770	\$0.0300
New Century FS	\$0.3000	\$0.3000	\$0.3000	\$0.0400

Upon reviewing the three responses, the bid was determined to be competitive and a reflection of current market conditions. CyRide staff performed a bid analysis based on the quantities of fuel consumed from July 1, 2022, through June 30, 2023. Based upon this analysis (attached), Renewable Energy Group was determined to be the lowest overall bidder. While Mansfield Oil Company had the larger discount on #1 and #2 diesel, REG provided the best total price overall due to a more substantial discount on biodiesel.

The Transit Board of Trustees approved award of contract and the not-to-exceed amount at its meeting on July 20, 2023.

ALTERNATIVES:

1. Award a contract to Renewable Energy Group of Ames, Iowa, for fuel purchases from August 1, 2023, until June 30, 2024, at a not-to-exceed amount of \$1,572,500.
2. Reject all bids and do not award a fuel contract.

CITY MANAGER'S RECOMMENDED ACTION:

The bid from Renewable Energy Group of Ames, Iowa reflects the lowest price for CyRide to purchase fuel for the FY 2023/24 budget year while reducing administrative costs.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.

Bid No. 2023-228

Responses		#1 ULSD	#2 ULSD	5% Biodiesel	Magellan's Cold Flow Improver
Renewable Energy Group		\$0.0275	\$0.0300	-\$1.0000	\$0.0100
Mansfield Oil Company		-\$0.0071	\$0.0261	-\$0.5770	\$0.0300
New Century FS		\$0.3000	\$0.3000	\$0.3000	\$0.0400

Pro Forma Fuel Budget

			#1 ULSD	#2 ULSD	Biodiesel	Magellan's Cold Flow Improver	Total Gallons Diesel & Biodiesel	Total Budget Amount
Assumptions	Annual Gallons		20,000	260,000	16,000	84,000	296,000	\$814,000.00
	Price		\$3.20	\$2.70	\$5.89			
Renewable Energy Group			\$64,550	\$709,800	\$78,240	\$840		\$853,430.00
Mansfield Oil Company			\$63,858	\$708,786	\$85,008	\$2,520		\$860,172.00
New Century FS			\$70,000	\$780,000	\$99,040	\$3,360		\$952,400.00