

COUNCIL ACTION FORM

SUBJECT: CYRIDE FUEL PURCHASE FOR CALENDAR YEAR 2018

BACKGROUND:

CyRide purchases approximately 420,000 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 2018 calendar year, bids were received on November 16, 2017. 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.

- Keck Energy
- Petroleum Traders
- New Century FS
- REG Energy Services, LLC

Keck Energy's bid is the lowest overall cost bid. Their proposal included the lowest cost for both diesel categories, which represent a majority of CyRide's expenses. The bids received are as follows:

Bidder	#1 Diesel	#2 Diesel	Biodiesel	Cold Flow Improver
Keck Energy	-\$0.033	-\$0.018	-\$1.16	\$0.012
Petroleum Traders	-\$0.0126	\$0.0149	-\$1.0500	\$0.0250
New Century FS	\$0.005	\$0.020	-\$0.200	\$0.018
REG Energy Services, LLC	\$0.0545	\$0.020	-\$0.800	\$0.0085

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 2018, staff estimated its fuel usage for the year (420,000 gallons) and multiplied this times the budgeted price per gallon for the current and next year. (This award spans the latter part of the current year and the first six months of next fiscal year.)

This calculation is as follows:

January – June 2018

210,000 gallons x \$2.50 (2017-2018 budgeted price) = \$525,000

July – December 2018

210,000 gallons x \$2.75 (2018-2019 budgeted price) = \$577,500

TOTAL ESTIMATED COST **\$1,102,500**

CyRide received approval for the vendor bid and fuel cost from the Transit Board of Trustees at their November 22, 2017 meeting.

ALTERNATIVES:

1. Award the purchase of fuel during calendar year 2018 to Keck Energy with the lowest cost bid and establish the maximum total contract amount for fuel and delivery not to exceed \$1,102,500.
2. Do not accept bids and request staff to rebid its fuel purchases for calendar year 2018.
3. Do not accept bids and request staff to contract for fuel purchases for calendar year 2018, 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 Keck Energy during calendar year 2018.