

COUNCIL ACTION FORM

SUBJECT: CYRIDE 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.

On May 5, 2021, CyRide, with the assistance of the Purchasing Division, released Request for Proposals (RFP) number 2021-146 for the purchase of diesel fuel from July 1, 2021 through June 30, 2022. Bids were due May 12, 2021 and two suppliers submitted bids. The bids received are detailed in the below table.

Bid No. 2021-146 (7/1/21 – 6/30/22)	#1 Dyed ULSD Diesel	#2 Dyed ULSD Diesel	Biodiesel	Magellan's Cold Flow Improver
Renewable Energy Group	-\$0.0375	-\$0.0200	-\$1.5000	\$0.0100
Colonial Oil Industries, Inc.	\$0.0117	\$0.0357	\$0.0900	\$0.0200

CyRide staff performed a bid analysis based on the quantities of fuel consumed from July 1, 2019 to June 30, 2020. This analysis showed Renewable Energy Group of Ames, Iowa, had the lowest overall price of the bidders. CyRide anticipates using up to 390,000 gallons of fuel during the contract period for a total not-to-exceed contract amount of \$1,072,500. The not-to-exceed contract amount is based on the approved FY 2021/22 budget price of \$2.75 per gallon.

On May 21, 2021, the Transit Board of Trustees recommended approval of a fuel contract with the Renewable Energy Group at a not-to-exceed contract amount of \$1, 072,500.

ALTERNATIVES:

1. Approve award of contract to Renewable Energy Group of Ames, Iowa, for fuel purchases from July 1, 2021 until June 30, 2022, at a not-to-exceed amount of \$1,072,500.
2. Reject all bids and direct staff to modify the fuel bid to reflect Council priorities.

CITY MANAGER'S RECOMMENDED ACTION:

The bid from Renewable Energy Group of Ames, Iowa 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 as described above.