

COUNCIL ACTION FORM

SUBJECT: OILS, LUBRICANTS, AND FLUID ANALYSIS CONTRACT FOR FLEET SERVICES AND TRANSIT

BACKGROUND:

Fleet Services and CyRide currently purchase oil and lubricants from a single contract. Oils and lubricants are purchased to replenish Fleet's parts inventory. Therefore, oils and lubricants used for services of the operating departments' fleet vehicles and equipment are billed to the respective departments as a pass-through cost. CyRide maintains its own inventory of required oil and lubricants and uses them to maintain CyRide's vehicles

Combining oil and lubricant purchases allows Fleet Services and CyRide to leverage the combined volumes to receive more favorable pricing. This contract also includes oil analysis kits to assist staff with properly maintaining vehicles.

The current contract's final renewal period expires June 30, 2022. The expiring contract is with Diamond Oil company, Des Moines Iowa. In preparation for contract expiration, the Purchasing Division released a Request For Quotations (RFQ) on April 19, 2022 with quotes due May 5, 2022. The RFQ establishes an initial contract for purchases between July 1, 2022 and June 30, 2023 and has the option for up to four additional twelve-month renewal periods. Four companies submitted bids. Staff evaluated the bids based upon the estimated annual usage and the evaluated totals are below.

Bidder	Evaluated Total
Diamond Oil Company, Des Moines, IA	\$80,926.93
Allied Oil & Supply, Inc, Omaha, NE	\$85,507.66
Ottsen Oil Company, Inc, Cedar Rapids, IA	\$101,887.01
Rilco Inc, Rock Island, IL	\$106,342.04

Staff reviewed bids and determined that the low bid from Diamond Oil Company of Des Moines, IA represents the best value to Fleet Services and CyRide. In comparison to the contract expiring June 30, 2022, the proposed FY 2022/23 contract represents a 22% cost increase. These costs will be passed on to operating departments as the oils and lubricants are consumed in the course of routine maintenance.

ALTERNATIVES:

1. Award a contract for the purchase of oils, lubricants, and fluid analysis to Diamond Oil Company of Des Moines, IA, in accordance with unit prices bid, for fiscal year 2022/23 with the option of four additional twelve month renewal periods.

2. Reject the bid from Diamond Oil Company and award the contract to one of the other bidders.
3. Reject all bids and direct staff to purchase oils and lubricants on an as-needed basis.

CITY MANAGER'S RECOMMENDED ACTION:

This contract allows oils and lubricants to be purchased leveraging the combined volume of supplies used by Fleet Services and CyRide in order to realize the lowest possible cost to the City.

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