

COUNCIL ACTION FORM

SUBJECT: CYRIDE PARTIAL YEAR 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. Purchasing fuel in this manner has put the fuel contract out of synchronization with the rest of the commodities CyRide purchases. Since futures contracts will not be used again in the foreseeable future, a six month contract was recently bid so that fuel purchases can again be aligned with the fiscal year. In May 2020, CyRide will bid fuel again for the next fiscal year.

On October 28, 2019, a request for proposals was issued for the purchase of diesel fuel from January 1, 2020 through June 30, 2020. Bids were due November 6, 2019, and three suppliers provided bids. The bids are listed in the table below.

Bidder	#1 Diesel	#2 Diesel	Biodiesel	Cold Flow Improver
Diamond Oil	-\$0.0300	-\$0.0160	-\$1.1000	\$0.0105
Keck Energy	-\$0.0350	-\$0.0181	-\$0.6500	\$0.0100
Petroleum Traders	-\$0.0357	\$0.0203	\$0.0184	\$0.0400

CyRide staff performed a bid analysis based on the quantities of fuel consumed from January 1, 2019 to June 30, 2019. Diamond Oil of Des Moines, IA had the best overall price for the contract period because of its discount on biodiesel. CyRide anticipates using up to 187,500 gallons of fuel during the contract period for a total not-to-exceed contract amount of \$515,625. The not-to-exceed contract amount is based on the approved FY 2019/20 budget price of \$2.75 per gallon.

CyRide received approval for contract award and the not-to-exceed contract amount from the Transit Board of Trustees at its November 14, 2019 meeting.

ALTERNATIVES:

1. Approve award to Diamond Oil of Des Moines, IA as the overall lowest bidder for fuel purchases from January 1, 2020 until June 30, 2020 at a not-to-exceed contract amount of \$515,625.
2. Reject the bids and direct staff to modify the fuel bid to reflect Council priorities.

CITY MANAGER'S RECOMMENDED ACTION:

This bid 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, thereby approving contract award to Diamond Oil of Des Moines, IA for CyRide fuel purchases from January 1, 2020 until June 30, 2020 at a not-to-exceed contract amount of \$515,625.