

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 60-B

CITY COUNCIL COMMUNICATION 97-454
SEPTEMBER 8, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
ANNUAL CONTRACT FOR DIESEL AND GASOHOL FUEL	◆ RESOLUTION ORDINANCE RECEIVE/FILE	JOHN BELLIZZI PUBLIC WORKS DIRECTOR

SYNOPSIS —

The Purchasing Division of the Finance Department mailed Invitations to Bid to nine potential bidders for an annual contract for furnishing diesel and gasohol fuels for City vehicles. The Invitation to Bid uses the same fuel specifications and award criteria as the State of Iowa, Department of Transportation. Since fuel prices fluctuate on a daily basis, the specifications required that bidders submit a "bid margin" that would be added to or deleted from the average price per gallon of fuel as reported to the Department of Transportation by Oil Price Information Services, Rockville, MD. Six companies submitted bids. The low bid was determined by including the offered "bid margin" with the average price per gallon of fuel for the period of July 7, 1997, through July 11, 1997, and multiplying by the annual usage of fuel type.

Using this method, the low dollar bid for Diesel No. 2 fuel and Diesel No. 1 fuel was received from Keck, Inc., 320 SW 9th Street, Des Moines, IA, John Keck, President, who submitted a "bid margin" of +0.0008 for Diesel No. 2 and +0.0001 for Diesel No. 1

Petroleum Traders Corporation, Ft. Wayne, IN, submitted a "bid margin" of -0.0067, or an annual total of \$486,458.30 for gasohol, while Keck, Inc., submitted a "bid margin" of -0.0056, or an annual total of \$487,222.80—a difference of \$764.50 per year. Municipal Code Section 2-83.01 gives a one percent preference to a bid submitted by a business located within the corporate limits of the City over a low bid submitted by a business located outside the corporate limits. The Purchasing Agent recommends Council exercise this section and award the gasohol fuel bid to Keck, Inc.

FISCAL IMPACT —

The Public Works Department has budgeted \$775,000 in Index Code 116160, Contract Administration, for the purchase of fuel.

RECOMMENDATION —

Approve award of bid for annual contract for diesel and gasohol fuel to Keck, Inc.

BACKGROUND —

The City takes annual bids on diesel and gasohol fuel for use in City operations.