

City of Yakima
Bid J11902 Bulk Purchase and Delivery of Fuel, Diesel Exhaust Fluid (DEF), and Incidentals
PRICE ANALYSIS OVERVIEW

Back Ground Information

Pricing for fuel is based off a fuel index, the Oil Price Information Service (OPIS) that serves as a bench mark for fuel pricing. Each bidder was to propose a fuel bid multiplier or differential that was either multiplied or added/subtracted to the OPIS benchmark. This means that as the price of fuel escalates/de-escalate according the published OPIS report, so does the price the City pays in the exact proportion using the multiplier or differential in the bid by the awarded Vendor.

The City of Yakima currently buys and stores only two type of Fuel in our tanks (the same is true for the Yakima County), Dyed Diesel #2 and Regular Unleaded (10% Ethanol) Gasoline. The City has nine locations with fuel storage tanks and a total of 13 tanks for fueling City owned vehicles and equipment and 3 tanks for generators. The fuel storage tanks (not including the generators) range in size from 15,000 gallons to 250 gallons and are all on a "Keep Full" service. A "Keep Full" service is where the Vendor is responsible for monitoring the fuel level in the tanks and makes sure the tanks don't fall below a minimum level that is set by the City to ensure we always have fuel to meet our demand. The three tanks for generators are set on a "Will Call" service meaning that those tanks are monitored by a City employee and when fuel is needed the City employee will place an order for a certain number of gallons to be delivered.

The fuel type that is used, the City's tank locations, tank size and estimated yearly usage and type of service required for the tanks is listed on pages 75 and 76 of the Bid specifications. The minimum fuel amount for each tank is listed on the following pages 77-83 labeled "Site Worksheet & Delivery Profile" for each location.

In comparing the pricing of the bids received and the estimated future use of fuel there were many things to take into consideration.

FUEL

Fuel Type

All major fuel types were requested in the bid specifications and solicitation in the case, at some point in the future, they would be purchased. In evaluating and comparing vendors pricing for the best price and value for the City, we only compared the two types of fuel that the City currently use; Dyed Diesel #2 and Regular Unleaded (10% Ethanol) Gasoline.

<u>Combined City/County Usage</u>		<u>City Only Usage</u>	
Dyed Diesel #2	609,325 gallons	Dyed Diesel #2	325,530 gallons
Regular Unleaded Gasoline	285,253 gallons	Regular Unleaded Gasoline	189,253 gallons

Load Size

Our next major consideration of determining the best pricing and value for the City was to look at the load size. We asked for pricing based on three different load sizes; full load of 8,000 gallons or more, ½ load being 2,501 gallons to 7,999 gallons, and 2,500 gallons or less. When reviewing the average load size the City received over the past year, due to the different tank sizes and minimum levels requirements, the majority of the City's deliveries were the ½ load size. The next most common delivery size was 2,500 gallons or less size.

Terminal Locations

Different terminal location have different pricing on any given day. Because of this we decided to start our pricing comparison with the most common terminal location which is Seattle. The Seattle terminal also has the lowest pricing, on average, throughout the year.

When evaluating the two types of fuel that the City uses along with the two most common load sizes utilizing the Seattle terminal, you will see that Connell Oil is lowest on two of the four. Cougar Den was not low on either types of fuel.

Diesel Exhaust Fluid (DEF)

The next item that we evaluated was the use is DEF. All City locations are currently using totes for their DEF with the exception of the Airport and one fire station who purchase their DEF in portable 55 gallon drums. Because all other locations are currently using DEF and are already set up with totes, there is no need to rent or purchase totes (except for replacement purpose). When evaluating how the City purchases the majority of its DEF by gallons to refill existing totes, it was the tote per gallon pricing that was considered.

Connell Oil was the lowest bidder at \$1.09 per gallon for delivery of DEF fluid to refill totes. Cougar Den bid \$2.09 per gallon.

Emergency Delivery Fee

The emergency delivery fee was considered in the evaluating Vendors pricing.

Connell Oil does not charge for emergency delivery fee. Cougar Den charges a \$75 fee per emergency delivery.

Shipping and Delivery of Fuel

How fuel is delivered and by whom is very important. Because fuel is flammable liquid and considered hazardous, the awarding Vendor must carry extra insurance pertaining to the shipping and delivery fuel. All Bidders had to provide safety information containing how their trucks are equipped for emergencies and what protocol they use. This information is not always attainable when using a common carrier. Because of the shortage of truck drivers and due to the fact that delivery of fuel requires a certain type of truck and trailer for transport and delivery, the City took into account if the bidder had their own fleet of trucks/trailers and drivers or if they subcontracted this part of the service out. The City has in the past had issues were an awarded Vendor who had plenty of product to sell but when an order was placed they could not deliver when needed because they didn't have a dedicated fleet with drivers. They subcontracted the delivery of their product out and had a hard time procuring a common carrier that could meet the specific requirements necessary for delivery of their product.

Connell Oil has their own fleet of drivers with trucks and trailer that are equipped with radios and safety equipment. All drivers attend safety training, among other training pertinent to fuel delivery and carry the required amount of insurances. Cougar Den subcontracts the shipping and delivery of fuel.

Oil Price Information Service (OPIS) Rack Pricing

OPIS Rack pricing has become the standard, especial here in the Pacific Northwest, for the basis or recording fuel prices. OPIS Rack pricing reports are divided up by location. When you order a location (i.e. Seattle, Spokane, Pasco), you get the pricing for all the fuel types that are provided at that location. OPIS rack pricing is \$145 a month per rack. If three or more locations are ordered the price is \$111.00 a month per rack.

The City evaluated if it would be cost effective to award to a vendor who could provide fuel from multiple racks, with the idea that the Vendor would price our fuel order and delivery off the lowest priced rack that they bid. It was decided that this type of award would be a heavy burden when auditing. Extra time would be needed in verifying pricing on each invoice and for contract administration personnel. The City also considered the price of the OPIS rack reports for several locations. If the City were to award to Cougar Den, the OPIS subscription would cost the city and extra \$6,252 a year.