TO:        Mayor Shaun Sipma
       Members of the City Council

FROM:      Jason Sorenson, Assistant Public Works Director

DATE:      October 22, 2020

SUBJECT:   2022 FUEL - AWARD OF BID (PROJECT NUMBER 4664)

I.   RECOMMENDED ACTION

   1.  Recommend award of bid to Farstad Oil and Enerbase. Each vendor to provide fuel to the
       City for a six-month period.

II.  DEPARTMENT CONTACT PERSONS

       Dan Jonasson, Director of Public Works   857-4140
       Jason Sorenson, Assistant Director of Public Works 857-4140

III.  DESCRIPTION

       A.  Background
       Public Works orders fuel for use by all of the City departments. This is dispensed from
       tanks located at the public works facility. Annual amounts consist of approximately 70,000
       gallons of unleaded gas, 70,000 gallons of #1 or winter master diesel and 70,000 gallons of
       #2 or summer diesel. Quantities are delivered by the tanker load by the suppliers and are in
       quantities from 6,000 to 9,000 gallons at a time. With the limited storage capacity, it is
       important that fuel be available within 24 hours’ notice to provide a reliable supply during
       snow season.

       B.  Proposed Project
       On November 23, 2021 the Public Works Department opened bids for providing the City
       with approximately 210,000 gallons of diesel and unleaded gas. Three bids were received,
       and they are as follows:

       | Bidder       | Quantity  | Markup over rack | Extended Cost |
       |--------------|-----------|------------------|--------------|
       | Farstad Oil  | 210,000 gal | $0.0075/gal | $1,575.00 |
       | Enerbase     | 210,000 gal | $0.0075/gal | $1,575.00 |
       | Willy’s Fuels | 210,000 gal | $0.14/gal | $29,400.00 |

       The bids submitted by Farstad Oil and Enerbase had the same bid price which resulted in a
       tie. In lieu of a coin flip to determine a winner, both vendors were willing to split the bid.
       Each vendor will supply fuel to the City for six months, alternating every two months to
       ensure each vendor delivers approximately the same amount.
C. Consultant Selection
N/A

IV. IMPACT:

A. Strategic Impact:
N/A

B. Service/Delivery Impact:
If deliveries are not provided within 24 hours, as stated in the bid documents, departments operations could be jeopardized.

C. Fiscal Impact:

Project Costs
$1,575.00 per year over rack price

Project Funding
The individual departments/users are charged for fuel as they use it.

V. ALTERNATIVES
N/A

VI. TIME CONSTRAINTS
N/A

VII. LIST OF ATTACHMENTS
N/A