

ITEM #:	<u>14</u>
DATE:	<u>07-08-25</u>
DEPT:	<u>FLEET</u>

COUNCIL ACTION FORM

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

BACKGROUND:

Fleet Services and CyRide currently purchase oil and lubricants from a single contract. Oils and lubricants are purchased to replenish Fleet Service's parts inventory, which is then available for servicing City vehicles and equipment as needed. The departments that use the oils and lubricants from Fleet are billed accordingly as a pass-through cost. CyRide, however, maintains its own inventory of required oil and lubricants to maintain its vehicles.

On June 28, 2022, City Council awarded a contract for the purchase of oils, lubricants, and fluid analysis to Diamond Oil Company of Des Moines, Iowa. The initial contract period was from July 1, 2022 through June 30, 2023. The contract also offered an optional annual renewal for up to four additional years for a total maximum of 5 years. **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.

On February 1, 2025, Diamond Oil Company was acquired by Heritage Petroleum, LLC of Evansville, Indiana. As a result of this transition, the contract is now being fulfilled by Heritage Petroleum. All products provided under the contract continue to meet City requirements and specifications. Specifically, the oils, lubricants, and fluid analysis kits being supplied by Heritage Petroleum are either the exact same products previously provided by Diamond Oil or equivalent items that have been reviewed and approved by Fleet Services and CyRide for continued use. Heritage Petroleum continues to operate from the same service location in Ames, Iowa, where the City has historically received its deliveries and support, ensuring continuity in both product availability and service.

Staff is recommending approval of Year Four of the contract with Heritage Petroleum for July 1, 2025 through June 30, 2026. The vendor has implemented a 4% price increase for the upcoming contract period. The Fleet Services operating budget estimates \$15,300 for the purchase of oils, lubricants, and fluid analysis in FY 2025/26, and the CyRide operating budget estimates \$34,000 for these services.

ALTERNATIVES:

1. Award Year Four of a possible 5-year contract for the purchase of oils, lubricants, and fluid analysis to Heritage Petroleum of Evansville, IN, in accordance with unit prices bid, for fiscal year 2025/26.
2. Do not award a contract and direct staff to solicit new bids for the purchase of oils, lubricants, and fluid analysis.

3. Do not award a contract and direct staff to obtain oils, lubricants, and fluid analysis on an as-needed basis.

CITY MANAGER'S RECOMMENDED ACTION:

Combining the purchase of oil, lubricant, and fluid analysis kits for Fleet Services and CyRide allows the City to leverage the combined volumes to receive more favorable pricing. This approach realizes the lowest possible cost to the City, while ensuring that equipment needs are available when needed. Therefore, it is the recommendation of the City Manager to approve Alternative No. 1, as described above.