

ITEM #:	<u>34</u>
DATE:	<u>05-14-24</u>
DEPT:	<u>FLEET</u>

COUNCIL ACTION FORM

SUBJECT: **OILS, LUBRICANTS, AND FLUID ANALYSIS CONTRACT FOR FLEET SERVICES AND AMES TRANSIT AGENCY (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.

Staff is recommending approval of Year Three of the contract with Diamond Oil Company for July 1, 2024 through June 30, 2025. The Fleet Services operating budget estimates \$14,700 for the purchase of oils, lubricants, and fluid analysis in FY 2024/25 based on projected usage, which remains the same as the previous year. The CyRide operating budget estimates \$60,000 for these services in FY 2024/25, which represents a \$4,000 increase over the previous fiscal year due to increased projected usage. Diamond Oil confirmed their product pricing for FY2024/25 will remain the same as FY2023/24.

ALTERNATIVES:

1. Award Year Three of a possible 5-year contract for the purchase of oils, lubricants, and fluid analysis to Diamond Oil Company of Des Moines, IA, in accordance with unit prices bid, for fiscal year 2024/25.
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.