



Date of Memo: October 04, 2023
Current Meeting: October 23, 2023
Board Meeting: October 26, 2023

BOARD MEMORANDUM

TO: Indianapolis Public Transportation Corporation (IPTC) Board of Directors
THROUGH: President/CEO Inez P. Evans
FROM: Deputy Chief Operating Officer Cheryl Purefoy
SUBJECT: IFB 23-08-485 2024 Premium Diesel Fuel Supplier

ACTION ITEM A – 8

RECOMMENDATION:

In a manner consistent with IPTC procurement and contract award standards, it is requested that the Board authorize the President / CEO Evans to enter into a contract with Co-Alliance for a minimum of 1,620,000 gallons of premium ultra-low sulfur (ULS) diesel fuel at a price of \$2.97 per gallon to be delivered over a twelve-month period starting January 1, 2024, through December 31, 2024, for an amount of \$4,811,400 annually.

BACKGROUND:

CO-Alliance is the incumbent contractor for diesel fuel. IPTC’s fuel consumption is expected to be approximately 1,620,000 in the 2024 fiscal year. The contract will cover roughly 98% of that consumption as a guarantee. Committing now to the fuel buy allows IPTC to lock the price of fuel below the current market value. As a historical picture, IPTC procured fuel in 2022 pricing of \$3.50 per gallon. The current fuel market cost has significantly increased and is constantly fluctuating, locking in the fuel purchase at \$2.97 per gallon has a projected savings of \$858,600 for the year.

This strategy meets FTA requirements for full and open competition.

DISCUSSION:

IPTC established a list of qualified fuel suppliers that would be able to competitively bid on fuel contracts. IPTC sent an IFB to the qualified vendors, Co-Alliance and CERES Solutions. These bids were opened on August 20, 2023, both were found to be responsive and responsible and were qualified as suppliers by IPTC for two years. On September 29, 2023, IPTC selected the lowest-priced qualified bidder.

IPTC agreed to enter into an order commitment with Co-Alliance of 1,620,000 gallons of ULS premium diesel fuel for consumption through December 31, 2024, at a contracted price of \$2.97 per gallon. This requires IPTC to order a minimum of 135,000 gallons per month at this price. If IPTC requires more fuel above 135,000 gallons in the month, IPTC will request the option to purchase additional diesel fuel at the market rate from Co-Alliance and other qualified bidders.

ALTERNATIVES:

The IPTC Board of Directors could elect not to enter into this contract, however, the uncertainty of economic factors surrounding this volatile market could be present in a new procurement. Additionally, the current trends are moving rapidly and delaying further could significantly impact the IPTC budget if required to purchase fuel at rack pricing.

FISCAL IMPACT:

The funding source for this procurement is provided by Operating Budget

DBE/XBE DECLARATION:

Due to a lack of opportunity and qualified vendors the goals set may not be reached. The established goals for this procurement are 15% MBE, 8% WBE, 3% VBE, and 1% DOBE.

STANDING COMMITTEE DISCUSSION/RECOMMENDATION:

This action will be reviewed by the Finance Committee on October 23, 2023.