



# City of Killeen

## Legislation Text

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**File #:** RS-24-021, **Version:** 1

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Consider a memorandum/resolution awarding Bid Number 24-12, Gasoline, Unleaded and Clear Diesel Fuel for Killeen Regional Airport to Fikes Wholesale, Inc., in an amount of \$133,900 for FY 2024.

**DATE:** February 6, 2024

**TO:** Kent Cagle, City Manager

**FROM:** Jarrod Provost, Assistant Director of Aviation

**SUBJECT:** Contract Award for Bid 24-12, Unleaded Gasoline and Clear Diesel

**BACKGROUND AND FINDINGS:**

The Aviation Department resells unleaded gasoline and diesel to Airport tenants at the Killeen Regional Airport. The average monthly sales volume is about 3,800 gallons of gasoline and 400 gallons of diesel. The Airport cannot be absorbed into the City of Killeen's current contract with Texas Fleet Fuel for two reasons: fuel storage limitations and payment of all state and federal taxes.

An invitation for bid was advertised in the Killeen Daily Herald on December 3 and December 10, 2023. The invitation for bid was also advertised and bid specifications were available for download on the City's website and various bidding websites used by the City for procurements.

At the close of specified time for bids at 3:00 PM, Thursday, December 21, 2023, 2 sealed bids were received from the following companies: Fikes Wholesale Inc. and Big Chief Distribution Co., Inc.

Wholesale fuel prices fluctuate daily due to several market factors. To establish a fair pricing mechanism for each purchase throughout the term of the contract, the bidders used a wholesale price, plus a vendor profit. The pricing also includes the applicable state and federal taxes since the fuel will be resold to Airport tenants.

Bidder	Profit Margin-Unleaded Fuel	Profit Margin-Diesel Fuel
Fikes Wholesale, Inc.	\$0.13	\$0.13
Big Chief Dist. Co., Inc.	\$0.19	\$0.24

Staff has determined the bid from Fikes Wholesale, Inc. with a profit per gallon of \$0.13 for gasoline and \$0.13 for diesel is the lowest responsible and responsive bid which meets the minimum requirements established in the specifications.

The term of the proposed fuel contract is for two years beginning April 1, 2024, with an option for two (2) one-year extensions, if mutually agreed to by both parties.

**THE ALTERNATIVES CONSIDERED:**

N/A

**Which alternative is recommended? Why?**

N/A

**CONFORMITY TO CITY POLICY:**

Yes

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

Actual expenditure amount depends upon the amount of fuel purchased and the actual market price of fuel through the term of the contract. Estimated amount of expenditure for purchase of unleaded gasoline for FY 2024 is \$127,000, \$119,000 of that total will be on this new contract and \$6,900 for diesel for FY 2024 with \$2,800 being under the new contract. FY 2025 the expenditure estimate is \$127,000 and \$16,000.

**Is this a one-time or recurring expenditure?**

Recurring

**Is this expenditure budgeted?**

Yes, funds are available in the Aviation Fund account 525-0505-521.50-19 for Motor Gas and account 525-0505-521.41-30 for Diesel.

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Yes

**RECOMMENDATION:**

Staff recommends City Council award Bid Number 24-12, Gasoline, Unleaded and Clear Diesel Fuel for Killeen Regional Airport to Fikes Wholesale, Inc. in an amount of \$133,900 for FY 2024; and authorize the City Manager to execute same, and all amendments or supplemental agreements within the amounts set by State and local law.

**DEPARTMENTAL CLEARANCES:**

Purchasing  
Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Contract  
Bid Summary  
Certificate of Interested Parties  
Presentation