



PMB 01231
BUREAU OF ADMINISTRATION
OFFICE OF PROCUREMENT MANAGEMENT
523 EAST CAPITOL
PIERRE, SD 57501-3182
(605) 773-3405
FAX (605) 773-4840



TRANSPORT – TANKWAGON FUELS ANNUAL
NOTICE OF AWARDS

Buyer: Scott Nelson (006)
Phone: 605-773-4275
Fax: 605-773-4840
Email: Scott.Nelson@state.sd.us

Date: March 18, 2014

1. **Contract Term:** This notice establishes contract(s) resulting from Solicitation # 1224 for a period of (1) one year, from April 1, 2014 through March 31, 2015 inclusive. The Solicitation and the vendor's response, along with the South Dakota Vendor's Manual are made part of the vendor's contract by this reference.
2. **Extension:** The State shall have the option, at the State's sole discretion, to extend the contract(s) resulting from this Solicitation for an additional two (2) months past the original contract expiration date. The State may renew this contract for up to four (4) additional one (1) year periods. Notice shall be given by the State to the vendor at least 60 days prior to the termination of the contract, and the vendor shall agree to such extension within 30 days thereafter, before such extension period shall become effective.
3. **Pricing:** All margin prices quoted in the referenced proposal are firm for the term of this contract. Price decreases are acceptable on invoice(s) presented for payment. If the open market price of a specific contract item is under the vendor's price, the State reserves the right to purchase the lower priced product.
4. **Delivery:** All deliveries are F.O.B. Destination and are to be made within 24 hours of date of order.
5. All delivery tickets, invoices and statements must be submitted in duplicate to the State Agency ordering the merchandise. DO NOT SUBMIT STATEMENTS OR INVOICES TO THE OFFICE OF PROCUREMENT MANAGEMENT AS IT ONLY DELAYS PAYMENT.
6. All orders shall be shipped F.O.B. destination with all transportation and handling charges paid by the vendor.

Steven L. Berg, Director
Office of Procurement Management

CONTRACTORS

BISON GRAIN
PO Box 340
Bison, SD 57620
Contact: Richard Seidel
Phone: 605-244-5266
Fax: 605-244-5269
bgc@sdplains.com
Vendor #: 12029998
CONTRACT # 16583

COLE'S PETROLEUM
1200 S. Egan
Madison, SD 57042
Contact: Dee Lembcke
Phone: 605-256-3082
Fax: 605-427-3082
Cole1002@iw.net
Vendor #: 12037479
CONTRACT # 16584

COMMUNITY OIL COMPANY
110 Highway 25
Roslyn, SD 57261
Contact: Danny Kjos
Phone: 605-486-4358
Fax: 605-486-4281
Scskjos@venturecomm.net
Vendor #: 12050092
CONTRACT # 16585

COUNTRY PRIDE COOPERATIVE
PO Box 529
Winner, SD 57580
Contact: David Hartley
Phone: 605-842-3974
Fax: 605-842-0895
dhartley@countrypridecoop.com
Vendor #: 12051912
CONTRACT # 16586

FARMERS UNION OIL
PO Box 1344
Reliance, SD 57569
Contact: Wayne Lundquist
Phone: 605-473-5581
Fax: 605-473-5385
mrrodeo@hotmail.com
Vendor #: 12029296
CONTRACT # 16587

GENES OIL CO.
Box 120
Leola, SD 57456
Contact: Mark Rau
Phone: 605-439-3116
Fax: 605-439-5303
genesoil@hotmail.com
Vendor #: 12100540
CONTRACT # 16588

HARMS OIL
337 22nd Ave. South
Brookings, SD 57006
Contact: Tawnya Hanson
Phone: 605-696-5000
Fax: 605-696-5050
thanson@harmsoil.net
Vendor #: 12035024-04
CONTRACT # 16589

HOWES OIL COMPANY, INC.
PO Box 1025
Sioux Falls, SD 57101
Contact: Andy Howes
Phone: 605-575-9602
Fax: 605-336-8729
ahowes@howesoil.com
Vendor #: 12032345
CONTRACT # 16590

KADOKA OIL
PO Box 500
Kadoka, SD 57543
Contact: Tammy Carlson
Phone: 605-837-1840
Fax: 605-837-2280
Discountfuel2@hotmail.com
Vendor #: 12046154
CONTRACT # 16602

KLAUDT SERVICE
110 S 5th Str
Menno, SD 57045
Contact: Larry Klaudt
Phone: 605-387-5163
Fax: 605-387-5580
klaudtservice@goldenwest.net
Vendor #: 12031295
CONTRACT # 16591

LOCKEN OIL
PO Box 204
Isabel, SD 57633
Contact: Joe Locken
Phone: 605-466-2143
Fax: 605-466-2144
lockenoil@hotmail.com
Vendor #: 12182628
CONTRACT # 16592

MIDWAY SERVICE
PO Box 88
Baltic, SD 57003
Contact: Tanya Vollan
Phone: 605-529-5458
Fax: 605-529-5479
Tanya@vollanoil.com
Vendor #: 12209579
CONTRACT # 16593

MIDWEST COOP
1919 East Sioux Ave
Pierre, SD 57501
Contact: Ed King or Carla Nipp
Phone: 605-224-5935
Fax: 605-224-9550
edward.king@chsinc.com
Vendor #: 12020868-13
CONTRACT # 16594

MOYLE PETROLEUM
2504 West Main
Rapid City, SD 57702
Contact: John Sullivan
Phone: 605-343-1966 ext:128
Fax: 605-343-3894
jsullivan@commoncentsstores.com
Vendor #: 12030428-04
CONTRACT # 16595

NORTH CENTRAL FARMERS ELEVATOR
PO Box 366
Ipswich, SD 57451
Contact: Troy Weig
Phone: 605-426-6922
Fax: 605-426-6161
tweig@ncfe.coop
Vendor #: 12028724
CONTRACT # 16596

SIOUX VALLEY COOP
220 10th Str. NW
Watertown, SD 57201
Contact: Jared Landmark
Phone: 605-886-5829
Fax: 605-886-4995
jlandmark.svc@midconetwork.com
Vendor #: 12030270
CONTRACT # 16597

SOUTHWEST GRAIN
PO Box 239
Lemmon, SD 57638
Contact: James Renke
Phone: 701-483-5157
Fax: 701-483-5160
jim.renke@swgrain.com
Vendor #: 12020868-09
CONTRACT # 16598

STERN OIL CO INC.
27923 U. S. Highway 81
Freeman, SD 57029
Contact: Gillas J. Stern
Phone: 605-925-7999
Fax: 605-925-4367
gillas@sternoil.com
Vendor #: 12036633
CONTRACT # 16599

UPI PETROLEUM
313 W. 4th Ave
Milbank, SD 57252
Contact: Richard Hentges
Phone: 605-432-5561
Fax: 605-432-5561
upi@tnics.com
Vendor #: 12009473
CONTRACT # 16600

VIG LUMBER CO.
PO Box 68
Peever, SD 57257
Contact: Harold Fryer
Phone: 605-932-3641
Fax: 605-932-5642
Vendor #: 12038279
CONTRACT # 16601

PRICE INFORMATION:

Prices for gasoline, E85, E30, E-15 and ultra low sulfur diesel/heating fuel are to be computed using the "price adjustments" method set forth herein:

The total price of the product delivered to destination shall consist of two components. These components are:

- A) Base Price (DTN and all applicable taxes, including fuel tank clean up fee)
- B) Bid Price (Vendor Margin which includes all costs other than those in Base Price above)

BASE PRICE:

The base price shall be the "unbranded" average price for each grade of fuel as reported by an industry daily publication entitled "Data Transmission Network Corporation" (DTN), plus any applicable taxes or EPA charges. The "unbranded" average price, for each terminal in South Dakota, as published in the FastRacks report for each fuel, will be the base price. The State of South Dakota reserves the right to use Contract Averages for any sites where data is insufficient or out of fuel situations occur.

The State of South Dakota shall compute the E-85, E-30, E-15 base prices as follows:

(Unbranded E-100 Ethanol Price x 0.85) + (Unbranded Unleaded Price x 0.15) = E85 Base Price

(Unbranded E-100 Ethanol Price x 0.30) + (Unbranded Unleaded Price x 0.70) = E30 Base Price

(Unbranded E-100 Ethanol Price x 0.15) + (Unbranded Unleaded Price x 0.85) = E15 Base Price

Bidders shall use the abbreviations shown below to indicate, in the designated column on the bid pages, which terminal will be used as the source of fuel for each location for which a bid is provided. This will be the determining factor from which the DTN price will be based. DTN is published each day by www.dtenergy.net.

AB: Aberdeen
WA: Watertown

MI: Mitchell
WS: Wolsey

RC: Rapid City
YK: Yankton

SF: Sioux Falls

BID PRICE

The bid price shall be the margin the bidder quotes above the base price. The bid price shall be firm for the full term of the contract.

Bidders shall indicate only the bid price on the pricing schedules provided at the end of this packet. Do not indicate the total price per gallon.

All bid prices are to be expressed as a decimal. For example:

If the bid price is five and three quarters cents per gallon, express as 0.0575. If the bid price is three quarters of a cent per gallon, express as 0.0075. **Negative Margins must be bid as a minus number in parentheses. Example (-.0001)**

PRICE ADJUSTMENT

Base Price – Base price shall be adjusted for all fuels daily. The adjustments for the day will be made immediately upon receipt of "DTN" and available on the Internet for the State agencies using the contract resulting from this solicitation.

In the event that "DTN" is not published for a period of time, the "unbranded" average price indicated in the last published edition shall apply until the next published issue is received. The using agencies shall access the Internet for the daily price changes.

Should "DTN" cease publication, change method of publishing prices, or change product designations as currently listed, an agreement may be made by the parties on a new price determination method during the contract period or the contract shall be terminated.

Tankwagon **Dyed #1 Fuel, Undyed #1 Dyed #2 Fuel, Undyed #2 Fuel, Gasoline, Gasohol, and Ethanol**: The price will be adjusted in dollars, up or down in an amount equal to the "**unbranded**" average price change for the product as published by the **Data Transmission Network Corporation** for each day.

Vendors will be authorized to invoice State accounts the adjusted price for orders received. However, product is to be billed at the price in effect on the date the product was ordered when the fuel is delivered on that date. Orders received after 1:00 PM CST that is not available to be delivered until the following day shall be priced according to that next days pricing.

If a product ordered is not available the agency is authorized to buy from a non-contract vendor or wait to be notified by the contractor when the fuel is available to be re-ordered.

If the open market price in the local area covered by a specific contract is \$.05 or more cents per gallon under the vendor's price, a state agency may purchase the less expensive product after first giving the vendor an opportunity to meet the lower price.

NOTE: STATE TAX ADJUSTMENT WILL BE ADDED TO THE BASE PRICE WHERE REQUIRED.

ALL DELIVERIES ARE FOB DESTINATION AND SHALL BE MADE WITHIN 24 HOURS FROM THE DATE OF ORDER.

SPECIAL NOTICE TO FUEL VENDORS:

The State of South Dakota is **exempt from Federal Tax** for all fuel purchased. Federal tax exemption number is 466000364. Exemption Certificates will be furnished when requested.

DELIVERY

All delivery and handling charges are to be included in the bid price margin and no other shipping or transportation charges will be paid by the State.

Tax which will be included in base price will be as listed below.

		(EPA) Fuel Tank Clean Up	
Dyed #1 or #2	State Tax .00	.02	= .02
Undyed #1 or #2	State Tax .22	.02	= .24
Gasoline Unleaded	State Tax .22	.02	= .24
E-10	State Tax .20	.02	= .226
E-15	State Tax .199	.02	= .219
E-30	State Tax .178	.02	= .198
E-85	State Tax .101	.02	= .121

UNIT OF MEASURE

All fuel and gasoline shall be measured in U.S. gallons. For tank wagon deliveries, the contractor shall provide metered delivery tickets, if possible, to certify the actual volume of bulk fuel delivered.

VENDOR NOTE:

The State of South Dakota will be using unleaded gasoline or E-10. The bid line for unleaded and E-10 will be listed as one item according to gallons.

If the cost of E-10 is equal to, or less than the cost of unleaded gasoline, the vendor must deliver E-10 to the ordering location. If the cost of unleaded gasoline is less than the cost of E-10, the vendor must deliver unleaded gasoline to the ordering location.

The product that is required to be delivered/purchased will be the one listed on the Procurement Management Home Page under Contracts Index, Transport/Tankwagon (EXCEL) on the day the fuel is ordered.

The State of South Dakota will be using E-15, E30, or E-85. The bid line for E15/E30/E85 will be listed as one item according to gallons.

The State of South Dakota Department of Transportation will determine when they will use Bio-Diesel Fuel.

The State of South Dakota will accept a minimum of 85 octane from Wall, South Dakota west (including the Wall location) and 87 octane east of Wall, South Dakota.

37-2-44. Minimum octane rating grades of petroleum in certain counties -- In general conformity with ASTM D4814 and the adoption of NIST Handbook 130, 2005, in rules promulgated pursuant to this chapter, the minimum (R+M)/2 octane rating grades of petroleum products, as defined by subdivision 37-2-5(10) in the counties of Butte, Custer, Fall River, Harding, Lawrence, Meade, Pennington, Perkins, and Shannon shall be no less than the following:

- (1) Regular, unleaded, regular unleaded 85;
- (2) Midgrade, plus, or super unleaded 87, 88, 89, or 90; and
- (3) Premium, supreme, high test unleaded 91.

37-2-45. Minimum octane rating grades of petroleum in all other counties. The minimum (R+M)/2 octane rating grades of petroleum products in all counties in the state other than those listed in § 37-2-44 shall be no less than the following:

- (1) Regular unleaded 87;
- (2) Midgrade, plus, or super unleaded 89; and
- (3) Premium, supreme, high test unleaded 91.

Delivery tickets or bill of ladings shall indicate the octane rating of the fuel delivered. This document shall identify the quantity, the name of the product, the particular grade of the product, the applicable automotive fuel rating, and oxygenate type and content (if applicable), the name and address of the seller and buyer, and the date and time of the sale

The awarded vendor for each location shall supply labels for the pumps with the minimum octane rating. Octane rating stickers must comply with EPA regulations.



ADDITIONAL REQUIREMENTS FOR BIODIESEL BLENDS

1. All biodiesel and diesel fuel blends will be delivered pre blended.
2. All biodiesel (B-100) shall meet BQ9000 specifications. National Biodiesel Board Accreditation Commission.
3. All biodiesel (B100) shall meet ASTM D6751 specifications.
4. Biodiesel / diesel fuel blends shall contain 2 to 5% B100.
5. Biodiesel will be blended and handled according to NREL guidelines NREL/TP-580-30004.
6. Biodiesel and diesel fuels must be blended at a temperature 15° above the highest cloud point of any fuel in the blend.
7. Splash blending requires a minimum of 50 miles transport distance or pump recirculated to insure adequate mixing on Biodiesel and Diesel fuel.
8. Diesel fuel shall meet the specifications as outlined in the specifications worksheet.
9. All biodiesel will be soy methyl ester.

BID PRICE BIO-DIESEL

The bid price shall be the **margin** the bidder quotes above the base price for the diesel fuel delivered which is then added to the actual cost for the bio-diesel 2 to 5% B100 blended with the diesel fuel. Copies of invoices are required for billing of the 2 to 5% B100 bio-diesel. The bid margin price shall be firm for the full term of the contract. All delivery and handling charges are to be included in your margin. Only the actual cost of the Bio-Fuel can be added to the invoice. The margin will apply to the total gallons delivered. **Bio-Diesel shall be awarded as a separate contract as not all dealers are able to deliver Bio-Diesel as required by the State of South Dakota. A copy of the Bio-Fuels Use & Handling Document is available on our web site on the following link:**

<http://www.state.sd.us/boa/opm/Downloads/Bio-Diesel%20Handling%20and%20Use%20Guidelines.pdf>

A sample of a billing invoice for Bio-Diesel fuel.

	Fuel	Cost	Overhead
Canton, SD	SF Un-dyed #1		
Department of Transportation	Un-dyed #2		
	Dyed #1	\$2.48390	0.04750
	Dyed #2	\$2.29510	0.04750

Order 1000 gallons of 2% bio-diesel

Invoice should read like this:

980 gallons #2 diesel	980@2.2951	\$2249.20	all fees and overhead included
20 gallons soy product	20 @ 2.46	\$49.20	need to attach copy of invoice
Overhead on 20 gallons Soy	20 @ .0475	\$0.95	
Clean up fee/Gallon	20 @ .02	\$0.40	
Total		\$2299.75	

Bidders shall indicate only the bid margin price on the pricing schedules provided at the end of this packet. Do not indicate the total price per gallon.

All bid prices are to be expressed as a decimal. For example:

If the bid price is five and three quarters cent per gallon, express as 0.0575. If the bid price is three quarters of a cent per gallon, express as 0.0075.

All DOT Diesel fuel estimates are listed both as Regular Diesel and Bio-Diesel, with The State of South Dakota Department of Transportation to determine the use of either Regular Diesel Fuel or Bio-Diesel Fuel.