

Good morning Co-Chair Gorsek, Co-Chair Smith and members of the committee.

For the record, my name is Kiauna Floyd. I am the President of Fleet Fuels LLC. I'm testifying in support of the Department of Administrative Services' budget.

Fleet Fuels LLC is an Oregon certified Disadvantaged Business Enterprise and Minority Business Enterprise that performs fleet fueling and bulk fueling. Since forming in 2021, Fleet Fuels has delivered well over two million gallons of renewable diesel and other products to major private and public customers, customers like the City of Portland, TriMet, Knife River, Hoffman Construction and others.

In addition to supporting DAS's budget, I am also here to call the legislature's attention to the recent DAS disparity study. That study concluded that Oregon has failed to regularly contract with qualified minority and women-owned businesses.

We also want to call attention to what we consider "low-hanging fruit" on improving those outcomes. That low-hanging fruit is opening up the state's fueling contracts to more competition.

The current state fueling contracts expired December 2023. These contracts are subject to two-year renewal options for up to six more years. This four-year contract plus six years of renewal options, essentially make the contracts 10-year contracts, unless DAS acts. So if a potential fueling vendor emerges, say, in the first year of the contract, this firm might not have the opportunity for state-agency business for a full nine years.

This not only affects state agencies, but other public agencies like cities, counties and school districts. That's because scores of public entities "piggy-back" off the state contract. But DAS has the chance to do the right thing and increase competition by putting the fueling contracts out to bid this fall. We hope they do so. We would just like the opportunity to compete.

I've attached more detail on why this should happen in a letter we will be submitting to DAS shortly, but the short of it is that mass consolidation in the fueling industry, coupled with a major player dropping out of the state contract, and the emergence of a well-qualified minority firm argues overwhelmingly for opening the state contracts to more competition.

And at a time when this committee and every other Ways & Means committee will be turning over every rock looking for dollars, opening up the state's fueling contract to more competition can only help save the money.

This month, the agency will complete a market analysis to determine if it will again roll over its existing contracts or put them out to bid. We will be advocating strongly for putting the contracts out to bid.

We ask that this committee encourage DAS to do so as well, perhaps with a budget note in the coming months.

Thank you for your time and consideration.



March 5, 2025

Mr. Stephen J. Nelson
Chief Procurement Officer
Oregon Department of Administrative Services

Dear Stephen:

We are writing to urge the Department of Administrative Services (DAS) to make a renewal determination allowing new and expanding fueling firms to compete when the state's fuel contracts expire on December 31, 2025.

Background - 10-year contracts in effect - limiting competition - increasing costs for the state, school districts and others

As you know, the Department of Administrative Services current four-year fueling price-agreement "contracts" expired December 31, 2023. These contracts are subject to two-year renewal options in lieu of re-solicitation (RFP) through December 31, 2029, essentially making the contracts 10-year contracts unless DAS takes action to reopen the process. If a potential fueling vendor emerges, say, in the first year of the contract, this firm might not have the opportunity to compete for state-agency business for a full nine years. Since scores of public entities "piggy-back" off the state contract, that also limits competition throughout the state at many political subdivisions like municipalities, county governments, ESD's, special districts and school districts. Restricting the entry of qualified firms means less competition. This decreased competition coupled with the mass consolidation happening in the fuel industry often results in higher costs for organizations like school districts. These higher costs for fuel pull important resources from the classrooms or other vital public services.

Mass consolidation and disruption. Major player leaves state contract. New well-qualified COBID firm enters the market. Co-ops expanding.

The state's fueling industry has witnessed mass consolidation and disruption in recent years. For example, Bretthauer Oil, the largest fuel distributor in Washington County, was recently purchased by Jubitz Oil. Marc Nelson Oil Products, one of the largest fuel distributors in Marion County and surrounding counties, was recently purchased by PetroCard. Moreland Oil, one of the largest fuel distributors in Yamhill County out to Tillamook County, was recently purchased by Tyree Oil. Heller and Sons, one of the largest fuel distributors in Umatilla County, was recently purchased by Carson Oil. Colvin Oil, one of the largest fuel distributors in Southern Oregon, was recently purchased by Tyree Oil. Andretti Petroleum Group, one of the largest fuel distributors in California, Oregon and Washington, was recently purchased by H&S Energy as was Stein Oil in Clackamas County. Campo & Poole Distributing, one of the largest fuel distributors in Malheur County, was recently purchased by Carson Oil.

Additionally, international conglomerate World Kinect, which had recently bought Associated Petroleum Products, which had recently bought Pioneer Oil, has exited the state contract completely,

leaving limited competition in purchasing for DAS partner agencies and other public entities and political subdivisions like school districts.

At the same time, several highly-qualified fuel distributors like Fleet Fuels LLC, a COBID-certified firm, and co-ops like Wilco and Pratum have expanded their operations in Oregon.

With all this disruption in the marketplace, and new highly-qualified firms on the scene and expanding, now is the right time to re-open the solicitation process for state fueling price-agreement contracts.

Enhancing equal opportunity across many state agencies

Opening the state's fueling contract this cycle can increase the state's equal-opportunity commitment exponentially. The recently completed DAS disparity study found that "Oregon state agencies have failed to regularly contract with minority and women-owned businesses." Majority African-American owned firms like Fleet Fuels LLC received only 0.1% of state contracts. (Oregonian, September 7, 2024) Opening the state's fueling contract will increase minority participation not just for DAS, but for state agencies and other public entities that have fleets like ODOT, ODOC, DHS and cities, counties and school districts in the state.

Opening equal-opportunity to a well-qualified COBID firm

Fleet Fuels LLC is a Portland-based certified Disadvantaged Business Enterprise (DBE) and Minority Business Enterprise (MBE) limited liability company that performs fleet fueling and bulk fueling activities in Oregon. The founding members of the enterprise are prominent African-American leaders in Oregon's business community. Member Willie Davis has over two decades experience as a business owner working on government contracts through his company Just Bucket Excavation. Other members include company President Kiauna Floyd, owner of Portland's lauded Amalfi's restaurant, and licensed CPA Richard Harris of accounting firm Rick Harris CPA, with 25 years experience serving Portland, Oregon businesses. Company founding members have a combined 40-years experience as business owners, 30-years experience operating fleets and 20-years experience in the petroleum industry, including 300,000,000 gallons fuel delivered to customer locations. Since forming in 2021, Fleet Fuels LLC has delivered over 1 million gallons annually of renewable diesel and other products to the City of Portland, TriMet, Knife River, Hoffman Construction and other major accounts. We are ready to improve the fueling market place for Oregon public entities.

Expanding access to Renewable Diesel

Renewable diesel demand has often exceeded supply in the Oregon marketplace over the last two years. The major refiners tend to make sure that their biggest customers are taken care of when supply becomes tight. Fleet Fuels LLC has the City of Portland's contract for renewable diesel. The City is one of the biggest users of renewable diesel in the state. Thus the refiners want to make sure Fleet Fuels LLC has primary access to their renewable diesel supplies. We purchase and deliver over 1 million gallons of renewable diesel a year. What this means to state agencies and other entities that "piggy-back" off the state contract, is that reopening the state fuel price agreements contract process will increase the state's access to renewable diesel when supplies get tight.

Due to all these factors, we believe it is more than warranted for the state to reopen its fueling price agreement process for January 1, 2026.

Sincerely,

Kiauna Floyd
President
Fleet Fuels LLC