



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM

Date: January 6, 2020



To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager
Lisa Burnham, Accounting Manager
Kurt Bovensiep, Public Works Director
Brian Varney, Fleet Operations Manager
MaryBeth Murz, Purchasing Manager

Subject: Standard Purchasing Resolution 4 – Cooperative Contract Award - Michigan Intergovernmental Trade Network (MITN) – Gasoline and Diesel Fuel

History

- The City of Troy purchases approximately 180,000 gallons of gasoline and 80,000 gallons of diesel fuel annually to power the City's fleet of vehicles and equipment.
- For more than a decade, the *City of Sterling Heights* has been the lead agency for the Michigan Intergovernmental Trade network (MITN) cooperative purchase of Truck Transport and Tank Wagon Deliveries of Unleaded Gasoline and Diesel Fuel for 20 governmental entities participating in the fuel purchasing cooperative in the Macomb, Oakland, and Wayne County region.
- Through this cooperative bid, approximately 3,000,000 gallons of gasoline and 1,300,000 gallons of diesel fuel are purchased annually.
- Current pricing was effective February 1, 2016 for 2 years and extended for another 2 years in 2018, and expires February 1, 2020.
- The bid is structured so MITN members pay for fuel based on the per gallon wholesale rack average as published daily by the Oil Price Information Service (OPIS) for the Detroit market, plus a delivery fee (bid factor) per gallon.
- Additional per gallon fees apply for a premium diesel additive and for a diesel winter additive typically requested November through March.
- Gasoline and diesel fuel are purchased and delivered by truck transport for quantities of fuel greater than 5,000 gallons, and by tank wagon for quantities less the 5,000 gallons.
- Bid award is based on the lowest factor quoted per type of fuel delivery plus the OPIS daily average for Detroit, Michigan.

Purchasing

- Bid specifications and cooperative member usage data were updated, and on December 10, 2019, seven (7) vendors responded with bids in response to ITB-SH19-064 Truck Transport and Tank Wagon Deliveries of Unleaded Gasoline and Diesel Fuel.
- Upon receipt and review of all bids, recommendation is being made to split the award of the bid among three bidders.



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Purchasing (continued)

- On Tuesday December 17, 2019, the City of Sterling Heights City Council awarded the bid to the two overall lowest bidders for truck transport deliveries (> 5,000 gal.) and the two overall lowest bidders for tank wagon deliveries (< 5,000 gal) as follows:

Truck Transport Deliveries:

- | | |
|----------------------------------|----------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. Petroleum Traders Corporation | Fort Wayne, IN |

Tank Wagon Deliveries:

- | | |
|----------------------------|-------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. Atlas Oil Company | Taylor, MI |

- RKA Petroleum and Atlas Oil are current vendors of the cooperative and have received numerous bid awards over the years. Petroleum Traders Corporation was previously an awarded contractor from 2012 to 2016.
- Current references were checked with positive results.
- By splitting the bid award amongst multiple vendors for both truck transport deliveries and tank wagon deliveries, all cooperative members are able to select the vendor that best meets their need for the lowest pricing and delivery timeline.
- New bid pricing is effective February 1, 2020 and expires February 1, 2022, and is extendable for an additional 2 years, to February 1, 2024, upon mutual consent. Sterling Heights Purchasing will reach out to the cooperative members before it is decided on a mutual extension with any of the awarded fuel suppliers.

Financial

- It is estimated that the City will purchase 180,000 gallons of unleaded gasoline and 80,000 gallons of diesel fuel. Gasoline and diesel fuel is purchased *on an as needed basis*.
- Funds are budgeted and available in the Fuel Account #661.549.550.7766.

Recommendation

City management recommends to split the award of the bid for truck transport and tank wagon deliveries of unleaded gasoline and diesel fuel to the following vendors in accordance with all bid specifications for a two-year period, with the option to extend the terms and conditions an additional two years upon mutual consent:

Truck Transport Deliveries:

- | | |
|----------------------------------|----------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. Petroleum Traders Corporation | Fort Wayne, IN |

Tank Wagon Deliveries:

- | | |
|----------------------------|-------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. Atlas Oil Company | Taylor, MI |

**CITY OF STERLING HEIGHTS
ITB-SH19-064: TRUCK TRANSPORT AND TANK WAGON
DELIVERIES OF UNLEADED GASOLINE AND DIESEL FUEL**

**BID TABULATION - TRUCK TRANSPORT
DECEMBER 10, 2019**

Commodity	Estimated Gallons	OPIS Avg	Atlas Oil Company				Corrigan Oil II				Foster Blue Water Oil				Mansfield Oil Company			
			Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total
Unleaded 87	2,232,000	1.7425	--.0200		\$1.7225	\$3,844,620.00	--.0050		\$1.7375	\$3,878,100.00	+.0275		\$1.7700	\$3,950,640.00	--.0164		\$1.7261	\$3,852,655.20
Unleaded Mid-Grade 89	325,000	1.9613	--.0200		\$1.9413	630,922.50	+.0250		\$1.9863	\$645,547.50	+.0275		\$1.9888	\$646,360.00	--.0399		\$1.9214	\$624,455.00
ULS Diesel #2	641,000	2.1746	--.0200		\$2.1546	1,381,098.60	--.0050		\$2.1696	\$1,390,713.60	+.0275		\$2.2021	\$1,411,546.10	--.0240		\$2.1506	\$1,378,534.60
ULS Diesel #2 Premium	408,000	2.1746	0.01	--.0200	\$2.1646	883,156.80	0.03	--.0050	\$2.1996	\$897,436.80	0.03	+.0275	\$2.2321	\$910,696.80	0.02	--.0240	\$2.1706	\$885,604.80
Totals						\$6,739,797.90				\$6,811,797.90			##	\$6,919,242.90				\$6,741,249.60
Winter Additive Typically November - March					\$0.01 / gal				\$0.02 / gal				\$0.03 / gal				\$0.02 / gal	
Short load charge - (5,000-8,000 gals)					\$50				\$150				\$0.0225/gal < 9,000 gal.				\$75	
Volume/Gallons, SE MI					150,000,000			250,000,000				100,000,000					250,000,000	
Split order charge					None if at same location property			None if at same location property				\$50.00					\$75.00	
## Fuel Cost Recovery Surcharge												add \$0.0055 / gal, subject to change						
Delivery Time					24 hours			24 - 48 hours				24 hours					24 hours	

Commodity	Estimated Gallons	OPIS Avg	Petroleum Traders Corp				Ports Petroleum Co				RKA Petroleum Co			
			Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total
Unleaded 87	2,232,000	1.7425	--.0285		\$1.7140	\$3,825,648.00	+.0119		\$1.7544	\$3,915,820.80	--.0466		\$1.69590	\$3,785,248.80
Unleaded Mid-Grade 89	325,000	1.9613	--.0285		\$1.9328	628,160.00	+.0119		\$1.9732	\$641,290.00	--.0678		\$1.89350	\$615,387.50
ULS Diesel #2	641,000	2.1746	--.0361		\$2.1385	1,370,778.50	--.0027		\$2.1719	\$1,392,187.90	--.0290		\$2.14560	\$1,375,329.60
ULS Diesel #2 Premium	408,000	2.1746	0.02	--.0261	\$2.1685	884,748.00	#	+.0190	\$2.2396	\$913,756.80	0.0245	--.0290	\$2.17010	\$885,400.80
Totals						\$6,709,334.50				\$6,863,055.50				\$6,661,366.70
Winter Additive Typically November - March					\$0.02 / gal			\$0.03 / gal				\$0.0245 / gal		
Short load charge - (5,000-8,000 gals)					\$50			\$0.01/gal 5,000-6,500	\$0.005/gal 6,501-8,000			\$50		
Volume/Gallons, SE MI					5,800,000			12,000,000			100,000,000			
Split order charge					\$60			\$60			\$35			
Delivery Time					24 hours			24 - 48 hours			24 - 48 hours			

OPIS Detroit Michigan Rack Average on 11/26/19 10:00 AM Report used as pricing benchmark.

For all bid pricing above, add to price / gal \$0.001/gal for the Federal Leaking Underground Storage Tank Fee and \$0.01/gal for the Michigan Underground Storage Tank Fee. Mandatory Federal and State fees subject to change

Used wrong bid form.

**CITY OF STERLING HEIGHTS
ITB-SH19-064: TRUCK TRANSPORT AND TANK WAGON
DELIVERIES OF UNLEADED GASOLINE AND DIESEL FUEL**

**BID TABULATION - TANK WAGON
DECEMBER 10, 2019**

		BID AWARD																
		Atlas Oil Company				Corrigan Oil II				Foster Blue Water Oil				Mansfield Oil Company				
Commodity	Estimated Gallons	OPIS Avg	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total
Unleaded 87	214,500	1.7425		+ .1200	\$1.8625	\$399,506.25		+ .1445	\$1.8870	\$404,761.50		+ .1500	\$1.8925	\$405,941.25		+ .2314	\$1.9739	\$423,401.55
Unleaded Mid-Grade 89	177,800	1.9613		+ .1200	\$2.0813	370,055.14		+ .1445	\$2.1058	\$374,411.24		+ .1500	\$2.1113	\$375,389.14		+ .2314	\$2.1927	\$389,862.06
ULS Diesel #2	85,100	2.1746		+ .1200	\$2.2946	195,270.46		+ .1445	\$2.3191	\$197,355.41		+ .1500	\$2.3246	\$197,823.46		+ .2836	\$2.4582	\$209,192.82
ULS Diesel #2 Premium	39,000	2.1746	0.01	+ .1200	\$2.3046	89,879.40	0.18	+ .1445	\$2.5036	\$97,640.40	0.03	+ .1500	\$2.3546	\$91,829.40	0.02	+ .2836	\$2.4782	\$96,649.80
ULS Diesel #2 Dyed	101,000	2.1791		+ .1200	\$2.2991	232,209.10		+ .1445	\$2.3236	\$234,683.60		+ .1500	\$2.3291	\$235,239.10		+ .2836	\$2.4627	\$248,732.70
Totals						\$1,286,920.35				\$1,308,852.15			##	\$1,306,222.35				\$1,367,838.93
Winter Additive Typically November - March Short load charge - Less than 5,000 Gal Volume/Gallons, SE MI Split order charge ## Fuel Cost Recovery Surcharge Delivery Time			Unl. 87 Ext. Total adjusted by Purchasing \$0.01 / gal \$50 for less than 200 150,000,000 None if at same location property 24 hours				Diesel #2 Dyed Total adjusted by Purchasing \$0.02 / gal \$150 for less than 150 250,000,000 None if at same location property 24 - 48 hours				\$0.03 / gal \$65 for less than 200 100,000,000 \$50.00 add \$4.46 per delivery, subject to change 24 hours				Diesel #2 Dyed Total adjusted by Purchasing \$0.02 / gal 100 Gal Minimum 250,000,000 \$75.00 24 hours			

		BID AWARD												
		Petroleum Traders Corp				Ports Petroleum Co				RKA Petroleum Co				
Commodity	Estimated Gallons	OPIS Avg	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total	Add/gal	+/- Factor	Price/gal	Ext Total
Unleaded 87	214,500	1.7425		N/B				N/B				+ .0769	\$1.81940	\$390,261.30
Unleaded Mid-Grade 89	177,800	1.9613		N/B				N/B				+ .0247	\$1.98600	\$353,110.80
ULS Diesel #2	85,100	2.1746		N/B				N/B				+ .0870	\$2.26160	\$192,462.16
ULS Diesel #2 Premium	39,000	2.1746		N/B				N/B		0.0245	+ .0870	\$2.28610	\$89,157.90	
ULS Diesel #2 Dyed	101,000	2.1791		N/B				N/B			+ .0870	\$2.2661	\$228,876.10	
Totals				N/B				N/B					\$1,253,868.26	
Winter Additive Typically November - March Short load charge - Less than 5,000 Gal Volume/Gallons, SE MI Split order charge Delivery Time											\$0.0245 / gal \$100 for less than 150 100,000,000 \$35 24 - 48 hours			

OPIS Detroit Michigan Rack Average on 11/26/19 10:00 AM Report used as pricing benchmark.

For all bid pricing above, add to price / gal \$0.001/gal for the Federal Leaking Underground Storage Tank Fee and \$0.01/gal for the Michigan Underground Storage Tank Fee. Mandatory Federal and State fees subject to change