

CITY COUNCIL AGENDA ITEM

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Date: January 30, 2024

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Deputy City Manager

Megan E Schubert, Assistant City Manager

Dee Ann Irby, Controller

Kurt Bovensiep, Public Works Director Brian Varney, Fleet Operations Manager Emily Frontera, Purchasing Manager

Subject: Standard Purchasing Resolution 4 – Cooperative Contract Award – MITN Purchasing

Cooperative – Gasoline and Diesel Fuel

History

 The City of Troy purchases approximately 120,000 gallons of gasoline and 129,000 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 <u>Truck Transport and Tank</u> <u>Wagon Deliveries of Unleaded Gasoline and Diesel Fuel</u> 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, 2020 for 2 years and extended for another 2 years in 2022, and expires February 1, 2024.
- 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 November 13, 2023, nine (9) vendors responded with bids in response to ITB-SH23-052 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.



CITY COUNCIL AGENDA ITEM

Purchasing (continued)

• On Wednesday, January 3, 2024, 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:

RKA Petroleum Companies Romulus, MI
 Marathon Flint Oil Company Flint, MI

Tank Wagon Deliveries:

RKA Petroleum Companies Romulus, MI
 Gen Oil Company Clawson, MI

- RKA Petroleum is a current vendor of the cooperative and has received numerous bid awards over the years. Marathon Flint Oil and Gen Oil Company have not worked with the cooperative however references were positive and attested to high quality services and fuel.
- 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, 2024 and expires February 1, 2026, and is extendable for an additional 2 years, to February 1, 2028, 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 approximately 120,000 gallons of unleaded gasoline and 129,000 gallons of diesel fuel. Gasoline and diesel fuel is purchased *on an as needed basis*.
- Funds are budgeted and available annually in the Fuel Account #661.571.550.751.

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; contracts expiring February 1, 2028.

Truck Transport Deliveries:

RKA Petroleum Companies Romulus, MI
 Marathon Flint Oil Company Flint, MI

Tank Wagon Deliveries:

RKA Petroleum Companies Romulus, MI
 Gen Oil Company Clawson, MI

CITY OF STERLING HEIGHTS ITB-SH23-052: TRUCK TRANSPORT AND TANK WAGON DELIVERIES OF UNLEADED GASOLINE AND DIESEL FUEL

BID TABULATION - TRUCK TRANSPORT NOVEMBER 13, 2023

| | Estimated | OPIS | | Colon | ial Oil Indus | tries | OPIS | | Corri | gan Oil Co | mp | OPIS | | | Gen Oil | | | | Mansfie | ld Oil Com | pany |
|---|-----------|--------|---------|---------------|--|----------------|--------|---------|------------------|--|----------------|--------|---------|---------------|---|----------------|--------|---------|---------------|--|---------------|
| Commodity | Gallons | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total |
| Unleaded 87 | 2,379,381 | 2.2125 | | -0.0382 | \$2.1743 | \$5,173,488.11 | 2.2125 | | -0.02 | \$2.1915 | \$5,214,413.46 | 2.2125 | | -0.01 | \$2.2025 | \$5,240,586.65 | 2.2125 | | -0.0065 | \$2.2060 | \$5,248,914.4 |
| Unleaded Mid-Grade 89 | 0 | 2.5926 | | -0.0572 | \$2.5354 | 0.00 | 2.5926 | | -0.02 | \$2.5716 | \$0.00 | 2.5926 | | -0.01 | \$2.5826 | \$0.00 | 2.5926 | | -0.0567 | \$2.5359 | \$0.0 |
| ULS Premium Diesel #2 | 259,307 | 3.0136 | | -0.0211 | \$2.9925 | 775,976.20 | 3.0136 | | 0.03 | \$3.0436 | \$789,226.79 | 3.0136 | | -0.02 | \$2.9941 | \$776,391.09 | 3.0136 | | 0.0227 | \$3.0363 | \$787,333.8 |
| ULS Diesel #2 | 581,808 | 2.9150 | 0.035 | -0.0411 | \$2.8739 | 1,672,058.01 | 2.9150 | 0.01 | -0.02 | \$2.8940 | \$1,683,752.35 | 2.9150 | 0.0199 | -0.01 | \$2.9041 | \$1,689,628.61 | 2.9150 | 0.03 | -0.0223 | \$2.8927 | \$1,682,996.0 |
| Totals | | | | | | \$7,621,522.32 | | | | | \$7,687,392.60 | | | | | \$7,706,606.35 | | | | | \$7,719,244.3 |
| Winter Additive Typically November - March Short load charge - (5,000-8,000 gals) Volume/Gallons, SE MI Split order charge ## Fuel Cost Recovery Surcharge Delivery Time | | | | | al November \$150 4.5 million \$85.00 24 hours | -March | | | \$150 for did | al November less than 8, not disclose N/A 1 - 48 hours | 000 gal e | | | 30 | 9 As Reque \$50.00 0,000,000.+ \$50.00 24 hours | | | \$ | | November \$250 20 million \$50.00 24 hours | -March |

| | Estimated | OPIS | | Mar | athon Flint | Oil | OPIS | | Petrole | um Traders | Corp | OPIS | | Ports | Petroleum | ı Co | OPIS | RKA Petroleum Co | | | |
|--|---|--------|-------|-----------------------------|-------------|----------------|----------------|---------|------------------------------|------------|----------------|-----------|---------|--------------------------|---------------|----------------|----------|------------------|---------------|-----------|----------------|
| Commodity | Gallons | Avg | | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | AVG | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total |
| Unleaded 87 | 2,379,381 | 2.2125 | | -0.048 | \$2.1645 | \$5,150,170.17 | 2.2125 | | -0.0151 | \$2.1974 | \$5,228,451.81 | 2.2125 | | -0.0109 | \$2.2016 | \$5,238,445.21 | 2.2125 | | -0.0520 | \$2.1605 | \$5,140,652.65 |
| Unleaded Mid-Grade 89 | 0 | 2.5926 | | -0.048 | \$2.5446 | 0.00 | 2.5926 | | N/B | | | 2.5926 | | N/B | | | 2.5926 | | N/A | | |
| ULS Premium Diesel #2 | 259,307 | 3.0136 | 0.022 | -0.031 | \$2.9826 | 773,409.06 | 3.0136 | | -0.0018 | \$3.0118 | \$780,980.82 | 3.0136 | | -0.0133 | \$3.0003 | \$777,998.79 | 3.0136 | | -0.0529 | \$2.9607 | \$767,730.23 |
| ULS Diesel #2 | 581,808 | 2.9150 | | -0.031 | \$2.8840 | 1,677,934.27 | 2.9150 | 0.0200 | -0.0127 | \$2.9023 | \$1,688,581.36 | 2.9150 | 0.0450 | -0.0133 | \$2.9017 | \$1,688,232.27 | 2.9150 | 0.0285 | -0.0529 | \$2.8621 | \$1,665,192.68 |
| Totals | | | | | | \$7,601,513.50 | | | | | \$7,698,013.99 | | | | | \$7,704,676.28 | | | | | \$7,573,575.56 |
| | | | | | | | | | | | | | | | | | | | | | |
| | Winter Additive Typically November - March 0.022 November-March | | | \$0.02 / gal November-March | | | | | \$0.045 / gal November-March | | | | | \$0.0285 / gal November- | | | er-March | | | | |
| Short load charge - (5,000-8,000 gals) \$50 | | | | | | _ | \$200 | | | | | \$125 | | | \$50 | | | | | | |
| Volume/Gallons, SE MI 100,000,000 | | | | | | 6 n | nillion gallon | IS | | | 1 | 8,500,000 | | | 100,000,000 | | | | | | |
| Split order charge None if same property/\$50. if separate | | | | | \$75 | | | | | \$65 | | | | | | | \$50 | | | | |
| ## Fuel Cost Recovery Surcharge Delivery Time 4-6 hours | | | | | | 24 | 1 - 48 hours | i | | 24 hours | | | | | 24 - 48 hours | | | | | | |

| | Estimated | OPIS | | | Sunoco | |
|---|--------------|--------|---------|---------------|---|----------------|
| Commodity | Gallons | Avg | Add/gal | +/- Factor | Price/gal | Ext Total |
| Unleaded 87 | 2,379,381 | 2.2125 | | -0.0037 | \$2.2088 | \$5,255,576.75 |
| Unleaded Mid-Grade 90 | 0 | 2.5926 | | -0.0037 | \$2.5889 | \$0.00 |
| ULS Premium Diesel #2 | 259,307 | 3.0136 | | -0.0037 | \$3.0099 | 780,488.14 |
| ULS Diesel #2** | 581,808 | 2.9150 | 0.25 | -0.0037 | \$2.9113 | 1,693,817.63 |
| Totals | | | | | - | \$7,729,882.52 |
| Winter Additive Typically Nontr load charge - Less t Volume/Gallons, SE MI Split order charge ## Fuel Cost Recovery S Delivery Time | han 5,000 Ga | | ; | \$75. betw | \$0.025 eeen 5,000 a 5,387,001 N/A | and 8,000 |

Corrected by Purchaing

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.

^{**} Use OPIS USL Diesel #2 rack average price on 10/27/23 (10 AM) and list cost per gallon of additive for Premium blend.

CITY OF STERLING HEIGHTS ITB-SH23-052: TRUCK TRANSPORT AND TANK WAGON DELIVERIES OF UNLEADED GASOLINE AND DIESEL FUEL

BID TABULATION - TANK WAGON NOVEMBER 13, 2023

| | Estimated | OPIS | | Colon | ial Oil Indu | stries | OPIS | | Corri | gan Oil Co | mp | OPIS | | | Gen Oil | | OPIS | | Mansfi | eld Oil Com | pany |
|-----------------------------|---|----------|---------|---------------|--------------|----------------|----------|---|---------------|--------------|----------------|----------|-------------|---------------|-------------|----------------|------|---------|---------------|-------------|-----------|
| Commodity | Gallons | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total |
| Unleaded 87 | 782,829 | 2.2125 | | 0.4377 | \$2.6502 | \$2,074,653.42 | 2.2125 | | 0.1195 | \$2.3320 | \$1,825,557.23 | 2.2125 | | 0.0995 | \$2.3120 | \$1,809,900.65 | | | N/B | | |
| Unleaded Mid-Grade 90 | 65,000 | 2.5926 | | 0.4209 | \$3.0135 | 195,877.50 | 2.5926 | | 0.1195 | \$2.7121 | \$176,286.50 | 2.5926 | | 0.0995 | \$2.6921 | \$174,986.50 | | | N/B | | |
| ULS Premium Diesel #2 | 371,819 | 3.0136 | | 0.4184 | \$3.4320 | 1,276,082.81 | 3.0136 | | 0.1695 | \$3.1831 | \$1,183,537.06 | 3.0136 | | 0.0895 | \$3.1031 | \$1,153,791.54 | | | N/B | | |
| ULS Diesel #2** | 67,717 | 2.9150 | 0.04 | 0.4094 | \$3.3244 | 225,118.39 | 2.9150 | 0.03 | 0.1195 | \$3.0345 | \$205,487.24 | 2.9150 | 0.0199 | 0.0925 | \$3.0075 | \$203,658.88 | | | N/B | | |
| ULS Diesel #2 Dyed | 41,319 | \$2.9393 | | 0.0446 | \$2.9839 | 123,293.42 | \$2.9393 | | 0.1195 | \$3.0588 | \$126,386.56 | \$2.9393 | | 0.0925 | \$3.0318 | \$125,270.94 | | | N/B | | |
| Totals | | | | | | \$3,895,025.54 | | | | | \$3,517,254.58 | | | | | \$3,467,608.51 | | | | | |
| | | • | | | | | | | | | | | | | | | | | | | |
| Winter Additive Typically I | November - M | /larch | | \$0.03 / g | al Novembe | r-March | | | \$0.03 / ga | l November | r-March | | | 0.019 | 9 as reques | ted | | | | | |
| Short load charge - Less t | | al | | | N/A | | | | | N/A | | | | | None | | | | | | |
| Tank Wagon min delivery | quantity | | | | 150 gallons | | | \$ | | ss than 150 | | | | | | | | | | | |
| | /olume/Gallons, SE MI 4.5 million | | | | | | | ot disclosed | | | | 30 | +.000,000.+ | | | | | | | | |
| | Split order charge N/A | | | | | | | None if at same location property corrigan oil bid 89 not 90 octane | | | | | \$50.00 | | | | | | | | |
| Delivery Time | ## Fuel Cost Recovery Surcharge Delivery Time | | | | | | | C | | 1 - 48 hours | | | | | 24 hours | | | | | | |

| | Estimated | OPIS | | Ma | arathon Flir | nt | | Petr | oleum Trad | ers | | Ports | Petroleum | Со | OPIS | | | | Co |
|---|-----------|----------|---------|---------------|--------------|----------------|---------|---------------|------------|-----------|---------|---------------|-----------|--|---------------|---------|---------------|-----------|----------------|
| Commodity | Gallons | Avg | Add/gal | +/- Factor | Price/gal | Ext Total | Add/gal | +/- Factor | Price/gal | Ext Total | Add/gal | +/- Factor | Price/gal | Ext Total | Avg | Add/gal | +/- Factor | Price/gal | Ext Total |
| Unleaded 87 | 782,829 | 2.2125 | | 0.14 | \$2.3525 | \$1,841,605.22 | | N/B | | | | N/B | | | 2.2125 | | 0.0780 | \$2.2905 | \$1,793,069.82 |
| Unleaded Mid-Grade 90 | 65,000 | 2.5926 | | 0.14 | \$2.7326 | 177,619.00 | | N/B | | | | N/B | | | 2.5926 | | 0.0780 | \$2.6706 | \$173,589.00 |
| ULS Premium Diesel #2 | 371,819 | 3.0136 | 0.0220 | 0.14 | \$3.1536 | 1,172,568.40 | | N/B | | | | N/B | | | 3.0136 | | 0.0771 | \$3.0907 | \$1,149,180.98 |
| ULS Diesel #2** | 67,717 | 2.9150 | | 0.14 | \$3.0550 | 206,875.44 | | N/B | | | | N/B | | | 2.9150 | 0.0285 | 0.0771 | \$2.9921 | \$202,616.04 |
| ULS Diesel #2 Dyed | 41,319 | \$2.9393 | | 0.14 | \$3.0793 | 127,233.60 | | N/B | | | | N/B | | | \$2.9393 | | 0.1021 | \$3.0414 | \$125,667.61 |
| Totals | | | | | | \$3,525,901.65 | | | | | | | | | | | | | \$3,444,123.45 |
| Winter Additive Typically November - March Short load charge - Less than 5,000 Gal Volume/Gallons, SE MI Split order charge HF Fuel Cost Recovery Surcharge Delivery Time 0.022 November-March \$150 for less than 150 100,000,000 None if same property/\$50. if separate | | | | | | | | | | | | | \$1 | November-N N/A 00,000,000 \$50.00 4 - 48 hours | f arch | | | | |

| | Estimated | OPIS | | | Sunoco | |
|--|--------------|----------|---------|---------------|--|--------------------------|
| Commodity | Gallons | Avg | Add/gal | +/- Factor | Price/gal | Ext Total |
| Unleaded 87 | 782,829 | 2.2125 | | 0.5000 | \$2.7125 | \$2,123,423.66 |
| Unleaded Mid-Grade 90 | 65,000 | 2.5926 | | 0.5000 | \$3.0926 | 201,019.00 |
| ULS Premium Diesel #2 | 371,819 | 3.0136 | | 0.5000 | \$3.5136 | 1,306,423.24 |
| ULS Diesel #2** | 67,717 | 2.9150 | 0.025 | 0.5000 | \$3.4150 | 231,253.56 |
| ULS Diesel #2 Dyed | 41,319 | \$2.9393 | | 0.5000 | \$3.4393 | 142,108.44 |
| Totals | | | | | | \$4,004,227.89 |
| Winter Additive Typically N Short load charge - Less t Volume/Gallons, SE MI Split order charge ## Fuel Cost Recovery S Delivery Time | han 5,000 Ga | | 500 Min | | November-lih \$100. fee 5,387,001 N/A 24 hours | March under 5,000 gal |

Corrected by Purchasing