



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL AGENDA ITEM



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 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, 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.



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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:

- | | |
|-------------------------------|-------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. Marathon Flint Oil Company | Flint, MI |

Tank Wagon Deliveries:

- | | |
|----------------------------|-------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. 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:

- | | |
|-------------------------------|-------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. Marathon Flint Oil Company | Flint, MI |

Tank Wagon Deliveries:

- | | |
|----------------------------|-------------|
| 1. RKA Petroleum Companies | Romulus, MI |
| 2. 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**

Commodity	Estimated Gallons	OPIS Avg	Colonial Oil Industries			OPIS Avg	Corrigan Oil Comp			OPIS Avg	Gen Oil			OPIS Avg	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	2,379,381	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	\$5,248,914.49				
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	\$0.00				
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	\$787,333.84				
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	\$1,682,996.00
Totals					\$7,621,522.32				\$7,687,392.60				\$7,706,606.35				\$7,719,244.33				
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			\$0.03 / gal November-March \$150 4.5 million \$85.00 24 hours			\$0.01 / gal November-March \$150 for less than 8,000 gal did not disclose N/A 24 - 48 hours			0.0199 As Requested \$50.00 30,000,000.+ \$50.00 24 hours			\$0.03 / gal November-March \$250 20 million \$50.00 24 hours									
Source of Supply			Detroit Buckeye Terminal			Marathon, BP, Mobil															

Commodity	Estimated Gallons	OPIS Avg	Marathon Flint Oil			OPIS Avg	Petroleum Traders Corp			OPIS Avg	Ports Petroleum Co			OPIS Avg	RKA Petroleum Co					
			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
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 Short load charge - (5,000-8,000 gals) Volume/Gallons, SE MI Split order charge ## Fuel Cost Recovery Surcharge Delivery Time			0.022 November-March \$50 100,000,000 None if same property/\$50. if separate 4-6 hours			\$0.02 / gal November-March \$200 6 million gallons \$75 24 - 48 hours			\$0.045 / gal November-March \$125 18,500,000 \$65 24 hours			\$0.0285 / gal November-March \$50 100,000,000 \$50 24 - 48 hours								

Commodity	Estimated Gallons	OPIS Avg	Sunoco			
			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 November - March Short load charge - Less than 5,000 Gal Volume/Gallons, SE MI Split order charge ## Fuel Cost Recovery Surcharge Delivery Time			\$0.025 \$75. between 5,000 and 8,000 5,387,001 N/A 24 hours			

Corrected by Purchasing

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.

