

MEMO 21-60

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NOV 29 2021

CITY OF GROSSE POINTE WOODS  
CLERK'S DEPARTMENT

TO: Bruce Smith, City Administrator  
FROM: Frank Schulte, Director of Public Services *F.S.*  
DATE: November 29, 2021  
SUBJECT: Annual Fuel Purchase Contract

During mid-November of 2019, we spoke with the City of Sterling Heights, the host municipality for the Michigan Intergovernmental Trade Network (MITN) cooperative fuel bid (formerly tri-county cooperative), regarding our purchase of fuel through the cooperative fuel contract for the two-year contract period of February 1, 2020 through January 31, 2022. We have purchased fuel through the MITN cooperative fuel contract since February 1, 2000. The MITN cooperative bid prices are lower for both gasoline and diesel fuel when compared to the State of Michigan MiDeal contract.

RKA Petroleum Companies was the lowest qualified bidder for tank wagon deliveries (5,000 gallons or less) for the upcoming contract period. They have provided fuel on previous contracts and their performance has been satisfactory. RKA's bid factor for gasoline and diesel fuel was +.0769 and +.1115 per gallon while the MiDeal bid factors for regular unleaded gasoline and diesel fuel were +.150 and +.220, respectively for Wayne County. Pricing is calculated based on the OPIS (Oil Price Information Service) Rack Average for Detroit, Michigan. Pursuant to a consensus of the fuel cooperative members and the agreement of the vendors, the City Council for the City of Sterling Heights approved the fuel purchasing contract for the two-year period February 1, 2020 through January 31, 2022.

The MITN cooperative bid is made up of 20 member communities in Macomb, Oakland and Wayne Counties including the City of Grosse Pointe Woods. Prices charged to municipalities fluctuate with market conditions but are substantially lower than consumer pump prices. This is the most economical way for the city to purchase fuel and there would be no advantage to going out for additional bids.

On November 16, 2021, RKA Petroleum Companies has agreed to extend at the unit prices bid for tank wagon deliveries for an additional two years.

Therefore, I recommend that we purchase fuel from RKA Petroleum Companies, 28340 Wick Rd., Romulus, MI, 48174 based upon the MITN cooperative fuel bid for tank wagon deliveries of gasoline and diesel fuel for the contract period of February 1, 2022 through January 31, 2024 in an amount not to exceed \$115,000.00 annually. This is a budgeted item with funds included in each fiscal year budget in vehicle maintenance account 640-851-939.500 for gasoline and diesel fuel purchases.

If you have any questions concerning this matter please contact me.

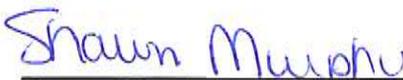
I do not believe any benefit will accrue to the City by seeking further bids. Approved for Council consideration.

  
Bruce Smith, City Administrator

*11/29/2021*  
Date

Fund Certification:

Account numbers and amounts have been verified as presented.

  
Shawn Murphy, Treasurer/Comptroller

*11-29-2021*  
Date

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

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

Commodity	Estimated	OPIS
	Gallons	Avg
Unleaded 87	214,500	1.7425
Unleaded Mid-Grade 89	177,800	1.9513
ULS Diesel #2	85,100	2.1746
ULS Diesel #2 Premium	39,000	2.1746
ULS Diesel #2 Dyed	101,000	2.1791
Totals		
Winter Additive Typically November - March		
Short load charge - Less than 5,000 Gal		
Volume/Gallons, \$/Mi		
Split order charge		
Delivery Time		

BID AWARD			
RKA Petroleum Co			
Add/gal	+ / -	Price/gal	Ext Total
	+ .0769	\$1.81940	\$390,261.30
	+ .0247	\$1.98600	\$353,110.80
	+ .0870	\$2.26160	\$192,462.16
0.0245	+ .0870	\$2.28610	\$89,157.90
	+ .0870	\$2.2661	\$226,876.10
			<b>\$1,253,868.26</b>
Winter Additive Typically November - March			
\$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

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Commodity	Estimated Gallons	OPIS Avg	BID AWARD			
			Add/gal	Factor	Price/gal	Ext Total
Unleaded 87	2,232,000	1.7425				
Unleaded Mid-Grade 89	325,000	1.9613				
ULS Diesel #2	641,000	2.1746				
ULS Diesel #2 Premium	408,000	2.1746				
Totals						<b>\$6,661,366.70</b>
Winter Additive Typically November - March					\$0.0245 / gal	
Short load charge - (5,000-8,000 gals)					\$50	
Volume/Gallons, SE MI					100,000,000	
Split order charge					\$35	
Delivery Time					24 - 48 hours	

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