

MEMO 24-02

TO: Frank Schulte, City Administrator
FROM: James Kowalski, Director of Public Services *J.K.*
DATE: January 12, 2024
SUBJECT: Annual Fuel Purchase Contract

During mid-September of 2023, 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, 2024 through January 31, 2026. 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 +.0780 and +.1056 per gallon. 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, 2024 through January 31, 2026.

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.

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, 2024 through January 31, 2026 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 661-534-939.500 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.



Frank Schulte, City Administrator

1-12-24

Date

RECEIVED

Fund Certification:

JAN 16 2024

Account numbers and amounts have been verified as presented.

CITY OF GROSSE POINTE WOODS
CLERK'S DEPARTMENT



Shawn Murphy, Treasurer/Comptroller

1-16-24

Date



Business of the City Council
Sterling Heights, Michigan

City Clerk's Use
Item No:
Meeting: 01/03/2024

AGENDA STATEMENT

OMB A503 Rev. 11/04

Item Title: To split the award of a bid for truck transport and tank wagon deliveries of gasoline and diesel fuel at unit factors/prices bid for a two-year period (Annual estimated expenditure of \$705,000).

Submitted By: Office of Purchasing

Contact Person/Telephone: Erik Skurda, Purchasing Manager, 586.446.2741

Administration (initial as applicable)

City Clerk Finance & Budget Director City Attorney City Manager

Executive Summary:

The City of Sterling Heights purchases approximately 215,000 gallons of gasoline and 85,000 gallons of diesel fuel per year to power the City's fleet of automobiles, trucks, equipment and generators. The City is also the lead agency for a Michigan Intergovernmental Trade Network (MITN) cooperative for the purchase of gasoline and diesel fuel that includes 20 member communities 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. The current bid pricing expires on February 1, 2024.

The bid is structured so that 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 than 5,000 gallons.

On November 14, 2023, nine (9) vendors responded with bids for the cooperative purchase of truck transport and tank wagon deliveries of gasoline and diesel fuel for a two-year period. Upon receipt and review of all bids, recommendation is being made to split the award of the bid among three bidders. For the truck transport portion of the bid, recommendation is being made to award the bid to RKA Petroleum, Inc. and Marathon Flint Oil, the two overall low bidders meeting bid specifications. For the tank wagon portion of the bid, recommendation is being made to award the bid to RKA Petroleum, Inc. and Gen Oil Company, the two overall low bidders meeting bid specifications.

Truck Transport (orders over 5,000 gallons) - RKA Petroleum is the incumbent truck transport vendor and past performance has been very good. RKA is also a certified Women's Business Enterprise. Marathon Flint Oil has not worked with the city in the past, however references attested to a high quality of service.

Tank Wagon (< 5,000 gallons) – RKA Petroleum is the incumbent tank wagon vendor and past performance has been very good. RKA is also a certified Women's Business Enterprise. Gen Oil Company has not worked with the city in the past, however references attested to a high quality fuel and service.

By splitting the bid award amongst multiple vendors for both truck transport deliveries and tank wagon deliveries, the City and the cooperative members are able to select the vendor that best meets their need for the lowest pricing and delivery timeline. As the lead municipality, the MITN cooperative members rely upon the recommendation of the city of Sterling Heights in awarding this bid. After this bid award by the city of Sterling Heights, the remaining 19 MITN cooperative members will have the opportunity to purchase gasoline and diesel fuel using the bid pricing secured through this cooperative bid.

Please see the attached Staff Report and supporting documentation for additional information.

Suggested Action:

RESOLVED, to split the award of the bid for truck transport and tank wagon deliveries of unleaded gasoline and diesel fuel to the following vendors based on bid factors included in their respective bids 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, 28340 Wick Rd., Romulus, MI, 48174, and
2. Marathon Flint Oil Company, 1919 S Dort Highway., Flint, MI 48503

Tank Wagon deliveries:

1. RKA Petroleum Companies, 28340 Wick Rd., Romulus, MI, 48174, and
2. Gen Oil Company, 1238 Anderson Rd., Clawson, MI 48017



CITY OF Sterling Heights

InnovatingLiving

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Councilwoman	Deanna Koski
Councilman	Michael V. Radtke Jr.
Councilwoman	Maria G. Schmidt
Councilman	Henry Yanez
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City Manager Mark D. Vanderpool

CERTIFICATION

I, Melanie D. Ryska, City Clerk of the City of Sterling Heights, do hereby certify that the following action was taken at the regular City Council meeting of Wednesday January 03, 2024:

Moved: Koski Seconded: Ziarko

Resolved, to split the award of the bid for truck transport and tank wagon deliveries of unleaded gasoline and diesel fuel to the following vendors based on bid factors included in their respective bids for a two-year period, February 1, 2024 through January 31, 2026, with the option for the City Manager to extend the bid terms and conditions for an additional two year period, February 1, 2026 through January 31, 2028, upon mutual consent:

Truck Transport deliveries:

1. RKA Petroleum Companies, 28340 Wick Rd., Romulus, MI, 48174, and
2. Marathon Flint Oil Company, 1919 S Dort Highway, Flint, MI 48503

Tank Wagon deliveries:

1. RKA Petroleum Companies, 28340 Wick Rd., Romulus, MI, 48174, and
2. Gen Oil Company, 1238 Anderson Rd., Clawson, MI 48017

The motion carried. 7/0



Melanie D. Ryska

Melanie D. Ryska, City Clerk