



CITY OF NOVI CITY COUNCIL
JANUARY 22, 2024

SUBJECT: Consideration of approval to award a two-year contract with a two-year renewal option for fuel purchases to RKA Petroleum Companies and Marathon Flint Oil Company (a split award) for truck transport deliveries (over 5,000 gallons); and RKA Petroleum Companies and Gen Oil Company (a split award) for tank wagon deliveries (under 5,000 gallons) through the Michigan Intergovernmental Trade Network (MITN) cooperative purchasing bid for an estimated annual amount of \$336,843.

SUBMITTING DEPARTMENT: Department of Public Works, Fleet Division

EXPENDITURE REQUIRED	\$ 336,843
AMOUNT BUDGETED	\$ 357,985
APPROPRIATION REQUIRED	\$ 0
LINE ITEM NUMBER	861.000 (Funds- 101 General, 208 PRCS, 268 Library, and 592 Water & Sewer)

BACKGROUND INFORMATION:

The City of Novi purchases approximately 118,244 gallons of gasoline and 33,975 gallons of diesel annually (based on usage in fiscal year 2022- 2023) to fuel the City's fleet of automobiles, trucks, equipment, and generators. The City makes truck transport purchases (over 5,000 gallons per delivery) for the DPW fuel tanks and tank wagon purchases (less than 5,000 gallons) to fill backup generator fuel tanks at City facilities, lift stations, and booster stations.

The City of Sterling Heights is the lead agency for a Michigan Intergovernmental Trade Network (MITN) cooperative bid for the purchase of gasoline and diesel fuel that includes 20 member communities in the counties of Macomb, Oakland, and Wayne. Through this cooperative bid, approximately 3,000,000 gallons of gasoline and 1,300,000 gallons of diesel fuel are purchased annually.

The bid is structured so that the City pays for fuel based on the per gallon wholesale rack average as published daily by the Oil Price Information Service (OPIS) plus a delivery fee (bid factor) per gallon. We use Unleaded 87 (regular) gasoline and ULS Diesel #2 for vehicles and equipment, and ULS Dyed Diesel #2 for backup generators.

The Library Network (TLN), a consortium of 74 libraries in southeast Michigan, has been given access to the City's fuel station to fill up their fleet vehicles through an Intergovernmental Agreement to purchase fuel from the City and the arrangement provides cost savings for them. They also pay per gallon for the upkeep of the fueling station.

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, the recommendation is being made to split the award of the bid among three bidders. For the truck transport portion of the bid, the 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, the 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 deliveries (Orders over 5,000 Gallons):

1. RKA Petroleum Companies, 28340 Wick Rd., Romulus, MI, 48174
2. Marathon Flint Oil Company, 1919 S Dort Highway., Flint, MI 4850

Tank Wagon deliveries (Orders under 5,000 Gallons):

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

RECOMMENDED ACTION: Approval to award a two-year contract with a two-year renewal option for fuel purchases to RKA Petroleum Companies and Marathon Flint Oil Company (a split award) for truck transport deliveries (over 5,000 gallons); and RKA Petroleum Companies and Gen Oil Company (a split award) for tank wagon deliveries (under 5,000 gallons) through the Michigan Intergovernmental Trade Network (MITN) cooperative purchasing bid for an estimated annual amount of \$336,843.