



**City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
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[www.rochesterhills.org](http://www.rochesterhills.org)**

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**Legislative File No: 2008-0021**

**TO:** Mayor and City Council Members  
**FROM:** Roger Rousse, Director of Public Service  
**DATE:** January 11, 2008  
**SUBJECT:** Unleaded Gasoline and Diesel

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**REQUEST:**

City Council is requested to authorize a blanket purchase order to Mansfield Oil Company, Gainesville, Georgia for the purchase of diesel and unleaded fuel in the amount not-to-exceed \$550,000 through January 31, 2010.

**REASON FOR PURCHASE:**

The City participates with the Michigan Intergovernmental Trade Network (MITN) for the purchase of diesel and unleaded fuel. Based on bids received on December 11, 2007, by the City of Sterling Heights, the lead City on behalf of the cooperative, Mansfield Oil Company is awarded the contract as low bidder for truck transport deliveries. Although Atlas Oil Company appears to be the low bidder for truck transport deliveries, the vendor failed to include all applicable taxes in their bid. The usage estimates are based on all cities participating in the cooperative bid.

Cost for gasoline and diesel are calculated based on the OPIS Daily Average for Detroit, Michigan, plus the vendor's bid factor. For example the OPIS Average for December 4, 2007 for regular unleaded gas was \$2.3098 plus the bid factor of \$.0236. The City's cost is \$2.3334 per gallon. Prices charged to the participating municipalities through the bid will fluctuate based on market conditions, but are considerably lower than the consumer pump prices, as evidenced in the prior example.

The bid also includes optional pricing for biodiesel and ethanol. Although municipal demand for these alternative fuels is presently low, it is anticipated that market conditions may result in a greater demand in the future.

**PROCESS:**

**Vendor Name and Address:**

Mansfield Oil Company  
1025 Airport Parkway, S.W.  
Gainesville, GA 30501

**Reason for Selection:**

MITN Cooperative; lowest bid

**Method of Purchase:**  
Blanket Purchase Order

**BUDGET:**

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Fleet	661.938000	Vehicle Maintenance	\$275,000	\$275,000	0

Remaining amounts from future years budgets.

**RECOMMENDATION:**

It is recommended that the Rochester Hills City Council authorize the issuance of a blanket purchase order to Mansfield Oil Company, Gainesville, Georgia, for the purchase of diesel and unleaded fuel in the amount not-to-exceed \$550,000 through January 31, 2010.

**RESOLUTION**

**NEXT AGENDA ITEM**

**RETURN TO AGENDA**

<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
<b>Department Review</b>		
<b>Department Director</b>		
<b>Budget Content: Finance Director</b>		
<b>Purchasing Process: Supervisor of Procurement</b>		
<b>Mayor</b>		
<b>City Council Liaison</b>		