



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

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2009-0565

TO: Mayor and City Council Members
FROM: Roger Rousse, Director of Public Service
DATE: December 18, 2009
SUBJECT: Unleaded Gasoline and Diesel

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 \$600,000.00 through January 31, 2012.

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 was awarded the contract as low bidder for truck transport deliveries. The Contract included an option to renew for two additional years, which the cooperative members agreed to exercise.

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 18, 2009 for regular unleaded gas was \$2.0716 plus the bid factor of \$.0236. The City's cost is \$2.0952 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 (retail average \$2.5231), 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:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.938000	Vehicle Maintenance	\$300,000	\$300,000	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 \$600,000.00 through January 31, 2012.

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