



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)

Legislative File No: 2013-0483

**TO:** Mayor and City Council Members  
**FROM:** Allan E. Schneck, Director of DPS  
**DATE:** January 13, 2014  
**SUBJECT:** Unleaded Gasoline and Diesel Fuel

**REQUEST:**

City Council is requested to authorize the purchase of unleaded gasoline and diesel fuel to Petroleum Traders Corporation, Fort Wayne, Indiana and RKA Petroleum Companies, Inc., Romulus, Michigan in the amount not-to-exceed \$732,460.00 through January 31, 2016.

**REASON FOR PURCHASE:**

The City participates with the Michigan Intergovernmental Trade Network (MITN) for the purchase of unleaded gasoline and diesel fuel. Based on bids received by the City of Sterling Heights, the lead city on behalf of the cooperative, Petroleum Traders, Inc. (unleaded fuel) and RKA Petroleum Companies, Inc. (diesel) received the split fuel award of the contract as lowest, responsive and responsible bidders for truck transport deliveries.

The current award for the purchase of unleaded gasoline and diesel fuel is a two-year extension at the bid factors competitively bid in 2011. The MITN group and the City of Sterling Heights have mutually agreed to exercise the option to renew and the extension has been awarded by the City of Sterling Heights City Council.

Cost for gasoline and diesel are calculated based on the Oil Price Information Service (OPIS) Daily Average for Detroit Area, plus the vendor's bid factor (delivery fee) per gallon. Below is a breakdown of pricing per gallon for truck transport deliveries of fuel. Wholesale pricing was based on the OPIS Detroit Rack Average on December 5, 2013.

<u>Fuel Type</u>	<u>OPIS Price Per Gallon</u>	<u>Bid Factor Delivery Fees Per Gallon</u>	<u>Total Delivered Price Per Gallon*</u>
Unleaded Regular Gasoline (Petroleum Traders) *Inclusive of State & Federal Fees	\$2.3886	\$0.0078	\$2.3964
ULS Diesel #2 (RKA) *Inclusive of State & Federal Fees	\$3.0514	\$0.0027	\$3.0541

Comparables with the State of Michigan MiDeal bid, the MITN cooperative bid offers a lower overall price for both gasoline and diesel fuel and will produce a yearly saving for Rochester Hills of approximately \$1,600.00.

With the award to the two lower bidders, the City has the ability to utilize favorable pricing based upon the type and quantity of fuel purchased. It also provides the City with a secondary source of fuel in the event of an emergency. Petroleum Traders and RKA have provided good performance over the first term of the contract. Additionally Petroleum Traders is the largest independent distributor of gasoline and diesel fuel in the country, utilizing local vendors, as RKA.

Prices charged to MITN members through the cooperative bid will fluctuate based on market conditions, but are considerably lower than consumer pump prices. Qualifying governmental entities are tax exempt, however, certain state and federal fees apply.

The City uses approximately 55,000 of unleaded gasoline and 65,000 gallons of diesel fuel annually. The cooperative purchases approximately 3,000,000 gallons of gasoline and 1,000,000 gallons of diesel fuel annually.

**PROCESS:**

**Vendor Name and Address:**

Petroleum Traders, Inc.  
7120 Pointe Inverness Way  
Fort Wayne, IN 46804

RKA Petroleum Companies  
28340 Wick Rd  
Romulus, MI 48174

**Reason for Selection:**

Lowest Responsive Responsible Bidders  
MITN Cooperative

**Method of Purchase:**

Blanket Purchase Orders

**BUDGET:**

Funding is provided as part of the 2014 Adopted and 2015 Projected Budgets.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.938000	Maintenance: Vehicle	2014 Adopted Budget: \$360,820	\$360,820	\$0
Fleet	661.938000	Maintenance: Vehicle	2015 Projected Budget: \$371,640	\$371,640	\$0
		TOTAL:	\$732,460	\$732,460	\$0

**RECOMMENDATION:**

It is recommended that the Rochester Hills City Council authorize the purchase of unleaded gasoline and diesel fuel to Petroleum Traders Corporation, Fort Wayne, Indiana and RKA Petroleum Companies, Inc., Romulus, Michigan in the amount not-to-exceed \$732,460.00 through January 31, 2016.

---

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Document2