



**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: 2026-0021

TO: Mayor and City Council Members

FROM: Tracey Balint, P.E., Interim Director Department of Public Services

DATE: January 26, 2026

SUBJECT: Unleaded Gasoline and Diesel Fuel

REQUEST:

City Council is requested to authorize a blanket purchase order for the purchase of unleaded gasoline and diesel fuel to RKA Petroleum Companies, Romulus, Michigan in the amount not-to-exceed \$975,000.00 through January 31, 2028.

REASON FOR PURCHASE:

The City participates cooperatively with the Michigan Intergovernmental Trade Network (MITN) for the purchase of unleaded gasoline and diesel fuel. In 2023, the City of Sterling Heights, acting as the lead agency on behalf of the MITN cooperative, solicited bids and received nine responses. Based on the bid responses received, award of Unleaded Gasoline and Diesel Fuel was split and awarded to RKA Petroleum Companies and Marathon Flint Oil Company as the lowest, responsive and responsible bidders for truck transport deliveries. The initial term of the agreement was two (2) years with the option to renew for an additional two (2) year through mutual consent, under the same terms and conditions.

At their January 22, 2024 meeting, City Council authorized the approval for the initial 2-year contract term. The City of Sterling Heights and RKA have agreed to extend the agreement for the additional 2-year term. Marathon Oil requested not to extend their agreement. RKA has been our primary provider, so this does not create any operational issues or concern with the City with not having Marathon Oil as a provider. As well, their factors were higher and they were being more utilized as a secondary supplier for emergency situations. It is based on all these factors, that the City is recommending continuation of our agreement with RKA and seeking Council's authorization to exercise the renewal clause of the agreement through January 31, 2028.

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. Prices charged to MITN members through the cooperative bid will fluctuate based on market conditions, but are considerably lower than consumer pump prices. The cooperative purchases approximately 3,000,000 gallons of gasoline and 1,300,000 gallons of diesel annually. Qualifying governmental entities are tax exempt, however, certain state and federal fees apply.

An example of how pricing is calculated is provided in the chart below:

Fuel Type	OPIS Price Per Gallon	Bid Factor Delivery Fees Per Gallon*	Total Delivered Price Per Gallon**	Comparative Consumer Retail Price Per Gallon
Unleaded Regular Gasoline (RKA)**Inclusive of State and Federal Fees	\$1.8339	-0.0520	\$1.79834	\$2.79
ULS Diesel #2 (RKA)**Inclusive of State and Federal Fees	\$2.2222	-0.0529	\$2.18574	\$3.89

PROCESS:

Vendor Name and Address:

RKA Petroleum Companies, Inc.
28340 Wick Road
Romulus, MI 48175

Reason for Selection:

Lowest Responsive Responsible Bidders

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funding is included in the FY 2026 Adopted Budget and the FY 2027 Projected Budget

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fleet	661.938000	Maintenance-Vehicle	\$975,000	\$975,000	\$0

RECOMMENDATION:

City Council is requested to authorize a blanket purchase order for the purchase of unleaded gasoline and diesel fuel to RKA Petroleum Companies, Romulus, Michigan in the amount not-to-exceed \$975,000.00 through January 31, 2028.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Procurement Manager		
Mayor		
City Clerk		

Contract Reviewed by City Attorney

Yes N/A