



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: 2015-0513

**TO:** Mayor and City Council Members  
**FROM:** Scott Cope, Director of Building/Facilities  
**DATE:** December 7, 2015  
**SUBJECT:** Natural Gas

---

**REQUEST:**

City Council authorization of a blanket purchase order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$422,190.00 for the purchase of natural gas for various City owned buildings through December 31, 2018.

**REASON FOR PURCHASE:**

Through the State of Michigan's MiDeal Program, the City participates as a cooperative member in the purchase of natural gas, utilizing a State qualified and selected vendor, including consulting services and natural gas brokering. In June 2009, the City began using Constellation Energy as its source of the natural gas commodity through the MiDeal program, with firm pricing for the commodity only. The gas customer charge and distribution charge from Consumers Energy continues and may fluctuate as specified by the natural gas utility and the Michigan Public Service Commission.

The City currently pays a fixed rate of \$4.40/MMBtu for its facilities. The City has been notified that the rates have dropped and that the City can lock in at an estimated rate of \$3.39/MMBtu for the new contract term. Actual rate will be at time of purchase execution. The MiDeal contract's fixed rate historically has remained less than the "utility's" rate.

The 2015 reported Consumers Energy average rate was in excess of \$3.75/MMBtu (as provided to the City on November 24, 2015). Utilizing the Choice Program the City continues to save in its purchase of the natural gas commodity under the current rate structure and annual consumption.

**PROCESS:**

**Vendor Name and Address:**

Consumers Energy  
Lansing, MI 48937-0001

**Reason for Selection:**

Best Value

**Method of Purchase:**

Blanket Purchase Order

**BUDGET:**

Funding is included in the FY 2016 Adopted Budget and 2017-2018 Projected Budgets.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>3-Year Budget Amount</b>	<b>3-Year Cost</b>	<b>3-Year Remaining Budget</b>
Facilities	631.926000	Natural Gas Utility	\$422,190	\$422,190	\$0

**RECOMMENDATION:**

It is recommended that the Rochester Hills City Council authorize a Blanket Purchase Order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$422,190.00 for the purchase of natural gas for various City owned buildings through December 31, 2018.

---

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