



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)

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Legislative File No: 2012-0436

**TO:** Mayor and City Council Members  
**FROM:** Scott Cope, Director of Building/Facilities  
**DATE:** November 12, 2012  
**SUBJECT:** Natural Gas

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**REQUEST:**

City Council authorization of a Blanket Purchase Order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$128,750.00 for the purchase of natural gas for various City owned building through December 31, 2013.

**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 of \$5.37/Mcf 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 \$3.97/Mcf for the period of June 2012 through June 2013 for all of its facilities. Normally, a seasonal down trend in the market occurs in the spring, at which time the City will lock in pricing for the commodity for the subsequent period.

The current reported Consumers Energy rate is \$5.4503, which has been consistent since May 2012. Utilizing the Choice Program the City continues to save in its purchase of the natural gas commodity with an estimated savings for 2012 of \$16,539 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:**

<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>
Facilities	631.926000	Gas Utility	\$128,750.00	\$128,750.00	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 \$128,750.00 for the purchase of natural gas for various City owned building through December 31, 2013.

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