



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: 2020-0031

**TO:** Mayor and City Council Members  
**FROM:** Sean Canto, Chief of Fire and Emergency Services  
**DATE:** January 27, 2020  
**SUBJECT:** Purchase Authorization for Three (3) Vehicles

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**REQUEST:**

City Council is requested to authorize the purchase of three (3) new vehicles which will be utilized by members of the Community Risk Reduction Division (Fire Prevention) from Berger Chevrolet, Inc., Grand Rapids, Michigan in the amount of \$ 84,437.00.

**REASON FOR PURCHASE:**

These three (3) vehicles (Chevy Traverses) will be utilized by the members of the Community Risk Reduction Division while performing daily duties within the City of Rochester Hills to include Fire and Life Safety Inspections, Community Risk Reduction Activities, as well as going to and from Public Education events. Two (2) of the vehicles were included in the 2020 budget and the third vehicle was included in the 2021 budget. The vehicle scheduled to be replaced in 2021 was recently taken in for service and the DPS-Fleet Services placed the vehicle out of service due to significant rust on the frame and cross members. In order to provide continued services, one (1) vehicle will be purchased immediately from the dealer's lot, while the other two (2) will be ordered and built with a delivery time of 11 to 12 weeks.

The City purchases vehicles through the Oakland County Cooperative Purchasing Program. Vehicles are purchased through the Oakland County Cooperative Purchasing program at a cost significantly lower than retail, and surplus vehicles are disposed of through the Michigan Intergovernmental Trade Network (MITN) on-line auctions by Purchasing. Fleet management best practices identify 20% as a target rate of return to receive from an initial investment of a vehicle. Over the past year utilizing the MITN on-line auction site the City has been realizing a 30% rate of return from the initial investment of the vehicle. Purchasing the vehicles at a significant discount and selling them at auction before significant operating costs are incurred has resulted in relatively low life cycle costs to the City.

**PROCESS:**

**Vendor Name and Address:**

Berger Chevrolet, Inc.  
2525 28th Street SE  
Grand Rapids, MI 49512

**Reason for Selection:**

Oakland County Cooperative Purchasing Program

**Method of Purchase:**

Purchase Order

**BUDGET:**

Funding is included in the FY 2020 Adopted Budget for 2 inspector vehicles. A portion of the remaining budget will be utilized for equipping the vehicles with Emergency Warning Equipment. A 1st Quarter Budget Amendment will be forthcoming to move up the 3rd vehicle from the FY 2021 budget to the current FY 2020 budget.

Fund Name	Department Account No	Account No. Description	FY 2020 Budget Amount	Cost	Remaining Budget
Fire Capital	402.981000	Capital - Vehicles x2	\$60,000.00	\$55,100.00	\$4,900.00
Fire Capital	402.981000	Capital - Vehicles x1	\$0	\$29,337.00	(\$29,337.00)
		Total	\$60,000.00	\$84,437.00	(\$24,437.00)

**RECOMMENDATION:**

City Council is requested to authorize the purchase of three (3) new Chevy Traverses from Berger Chevrolet, Inc., Grand Rapids, Michigan in the amount of \$84,437.00.

APPROVALS:	SIGNATURE	DATE
Department Review	<i>John W. ...</i>	1/17/2020
Department Director	<i>John W. ...</i>	1/17/2020
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney       Yes       N/A