



**City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS**

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

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**Legislative File No: 2005-0807**

**TO:** Mayor and City Council Members  
**FROM:** Bob Srogi, Facilities Operations Manager  
**DATE:** November 28, 2005  
**SUBJECT:** Electric Energy for City Facilities

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**REQUEST:**

City Council authorization for the purchase and delivery of electric energy for City facilities from DTE Energy, Detroit, Michigan and Michigan Municipal Risk Management Authority, Livonia, Michigan, in the amount not-to-exceed \$339,730 through December 31, 2006.

**REASON FOR PURCHASE:**

It is the goal of the Facilities Division to offset the ever-rising energy costs incurred by the City facilities. As a member of the Michigan Municipal Risk Management Association (MMRMA) Electric Choice Program, the City participates in a joint community purchase for electrical power. The City purchases its electrical energy for City Hall, Public Safety Building and the DPS Garage through the program from Quest Energy, Ann Arbor, Michigan. The delivery of the electricity for these buildings continues to be provided by DTE Energy. MMRMA imposes a \$.006 per kilowatt hour administration fee. Savings for the first 8 months of 2005, utilizing the Electric Choice Program are \$18,725.59.

The smaller City facilities do not benefit from the cost savings of the larger buildings and will continue to receive electrical energy and its delivery from DTE Energy.

The estimate for electrical energy consumption by City facilities is \$339,730. Due to participation in the MMRMA Electric Choice Program, payment for electrical energy and delivery will be made to MMRMA and DTE Energy.

The alternative choice contracts expire at various times throughout 2006 and will be re-evaluated and re-bid by Kimball Power Company on behalf of Michigan Municipal Risk Management Association Electric Choice Program participants. There are currently rate cases before the Michigan Public Service Commission that may change the tariff rates and increase the rate for the cost of electricity. The City will continue to monitor the industry to provide the best value for the City.

**PROCESS:**

**Vendor Name and Address:**

DTE Energy  
PO Box 2859  
Detroit, MI 48260

Michigan Municipal Risk Management Authority  
14001 Merriman  
Livonia, MI 48154

**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	631.923000	Electric Utility	\$339,730	\$339,730	0

**RECOMMENDATION:**

It is recommended that City Council authorize the purchase and delivery of electric energy for City facilities from DTE Energy, Detroit, Michigan and Michigan Municipal Risk Management Authority, Livonia, Michigan in the amount not-to-exceed \$339,730 through December 31, 2006.

**RESOLUTION****NEXT AGENDA ITEM****RETURN TO AGENDA**

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