



**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: 2006-0293

TO: Mayor and City Council Members
FROM: Roger Rouse, Department of Public Service, 841-2497
DATE: April 10, 2006
SUBJECT: Off Site Vehicle Storage

REQUEST:

City Council is requested to authorize the issuance of a blanket purchase order to R & G Development, LLC of Rochester Hills, Michigan for the storage of City vehicles including two vactor trucks, a street sweeper, crew truck, asphalt roller and various other pieces of equipment in the amount not-to-exceed \$45,984.00 through 5/31/2008.

REASON FOR PURCHASE:

The City's Department of Public Services utilizes the storage facility to store two vactor trucks and various other pieces of equipment when not in use, thus preventing unnecessary exposure to the elements. Long-range plans call for the relocation of these vehicles to the City's proposed new DPS facility when complete.

The storage unit for these vehicles must have a minimum door opening of sixteen (16) feet wide by thirteen (13) feet high and must be a heated space. The facility at 2154 Avon Industrial Drive meets all storage requirements.

Research was conducted with the help of the City's Building Department and it was found that the facility at 2154 Avon Industrial Drive (R & G Development) met all of the City's requirements. Two other available facilities did not have door openings that would accommodate the vactor's enormous width. One of the sites did offer to expand the door opening if the City was willing to pay for the cost of a new door. This was not a viable solution since the rental rate for this property was higher than what was offered by R & G Development.

R & G Development has offered this two-year renewal of the lease at the same rate per square foot as was paid in 2003-2006. The lease allows the City to terminate at the end of the first year. Should the DPS Facility construction be completed prior to May 31, 2008, the City could terminate the contract without financial repercussions. The sum of the lease payment over two years is \$45,984.00, resulting in monthly installments of \$1,916.00; however, if the City pays in six month installments the landlord agrees to a discount of 2% in the base rent pre-paid bringing the monthly rental to \$1,877.68.

PROCESS:

Vendor Name and Address:

R & G Development, LLC
2140 Avon Industrial Drive
Rochester Hills, MI 48309

Reason for Selection:

Only storage unit within the City of Rochester Hills that met the size requirements for the City's vehicle storage.

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funds for the storage of these vehicles are budgeted in the Sewer Department fund under rental. This is a multiple year blanket. Expenses for subsequent years will be funded from future budgets. A budget amendment will be required.

Fund Name	Department Account No	Account No. Description	2006 Budget Amount	2006 Cost*	2006 Remaining Budget
Sewer Dept	510.9470000	Rental – Lease	\$25,000.00	\$4,470.67	\$20,529.33
Drains	244.947000	Rental – Lease	\$0.00	\$4,470.67	(\$4,470.67)
Roads	462.947000	Rental – Lease	\$0.00	\$4,470.66	(\$4,470.67)
		TOTAL for 2006		\$13,412.00	

*2006 cost represents only seven (7) months of the new lease that will commence on June 1, 2006. The remaining budget amount is for the first five (5) months of 2006 that falls under the current lease agreement.

RECOMMENDATION:

Whereas, the storage unit for the City's vactor trucks must have a minimum door opening of sixteen (16) feet wide by thirteen (13) feet high and must be a heated space. With the help of the City's Building Department facilities were located that had adequate space but none of these facilities, with the exception of 2154 Avon Industrial Drive, could not meet the door size requirements.

Whereas, the facility at 2154 Avon Industrial Drive met all storage and door size requirements and the City has used this facility for their storage for a number of years and has been pleased with the accommodations.

Be it Further Resolved, that the City Council authorize the issuance of a blanket purchase order to R & G Development, LLC of Rochester Hills, Michigan for the storage of the City's two vactor trucks, a street sweeper, crew truck, asphalt roller and various other pieces of equipment in the amount not-to-exceed \$45,984.00 through 5/31/2008.

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		

City Council Liaison		
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