



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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www.rochesterhills.org

Legislative File No: 2011-0470

TO: Mayor and City Council Members
FROM: Scott Cope, Director of Building Department
DATE: October 27, 2011
SUBJECT: Natural Gas

REQUEST:

City Council authorization of a Blanket Purchase Order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$125,000.00 for the purchase of natural gas for various City owned buildings through December 31, 2012.

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 State qualified and selected vendors including consulting 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 \$5.18/Mcf for the period of June 2011 through July 2012 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 savings for the period of June 2010 through July 2011 from the Consumers Energy rate was \$20,472. The current reported Consumers Energy rate is \$6.2778/Mcf. Utilizing the Choice Program the City continues to save in its purchase of the natural gas commodity.

PROCESS:

Vendor Name and Address:

Consumers Energy
Lansing, MI 48937-0001

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Facilities	631.926000	Gas Utility	\$125,000	\$125,000	0

RECOMMENDATION:

It is recommendation that the Rochester Hills City Council authorize a Blanket Purchase Order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$125,000.00 for the purchase of natural gas for various City owned buildings through December 31, 2012.

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