



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

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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Legislative File No: 2006-0800

TO: Mayor and City Council Members
FROM: Bob Srogi, Facilities Operations Manager
DATE: November 5, 2006
SUBJECT: Electric Energy for City Facilities

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 \$305,470.00 through December 31, 2007.

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 electric energy for City Hall, Public Safety Building and the DPS Garage through the program from an alternate electricity supplier. Based on the falling electric wholesale market and the expected power supply cost recovery rate requested by DTE from the Public Service Commission, savings are anticipated at 5% to 10% below DTE rates in 2007.

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 \$305,470.00. Due to participation in the 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 2007 and will be re-evaluated and re-bid by Kimball Power Company on behalf of the Electric Choice Program participants. 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:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Facilities	631.923000	Electric Utility	\$305,470	\$305,470	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 \$305,470 through December 31, 2007.

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		