



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: 2017-0556

TO: Mayor and City Council Members
FROM: Sean Canto, Chief of Fire and Emergency Services
DATE: November 21, 2017
SUBJECT: Purchase Authorization for Replacement Vehicles for 2018

REQUEST:

City Council is requested to authorize the purchase of four (4) new vehicles for replacement of current vehicles from Todd Wenzel Buick GMC, Westland, Michigan in the amount of \$162,421.00.

REASON FOR PURCHASE:

The vehicles are replacing three sport utility 4wd vehicles and a pickup 4wd used by the Fire Chief, Deputy Chief, Fire Marshal and Captain of Training, Health and Safety. The replacement of these vehicles have been delayed from their original scheduled replacement due to acceptable condition and maintenance costs. These vehicles are at a point where their condition is deteriorating and maintenance costs are increasing.

Vehicle manufacturers allot a very small percentage of their order schedules for fleet vehicles. Order cut-off is typically slated for the first quarter of the model year. It is important that the City expedite the purchase of the vehicles to avoid missing the manufacturers order cut-off date. If the cut-off date is missed, the vehicles would have to be purchased at retail, or the vehicles in need of replacement could incur additional repair and or maintenance costs from not being replaced.

The City purchases vehicles through the Oakland County Cooperative Purchase Program. Additional cooperative contracts available for the City's use were reviewed to verify that the Oakland County Cooperative Purchase Program continues to offer vehicles to meet the City's needs at the lowest available cost. Vehicles are purchased through the Oakland County Cooperative Purchase 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:

Todd Wenzel Buick GMC
35100 Ford Road
Westland, MI 48185

Reason for Selection:

Oakland County Cooperative Purchasing Program

Method of Purchase:

Purchase Order

BUDGET:

Funding is included in the FY 2018 Adopted Budget.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fire Capital	402.981000	Capital – Vehicles	\$224,000.00	\$162,421.00	\$61,579.00

RECOMMENDATION:

City Council is requested to authorize the purchase of four (4) new vehicles for replacement of current vehicles from Todd Wenzel Buick GMC, Westland, Michigan in the amount of \$162,421.00.

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