



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: 2020-0571

TO: Mayor and City Council Members

FROM: Allan Schneck, P.E., Director Department of Public Services

DATE: January 11, 2021

SUBJECT: Purchase Authorization for Replacement Vehicle for 2021

REQUEST:

City Council is requested to authorize the purchase of five (5) new vehicles (replacements for 39-525, 39-526, 39-551, 39-536, and 39-531 from Todd Wenzel Buick GMC, Westland, Michigan in the amount of \$134,347, and one (1) new additional vehicle (replacement for 39-550) in the amount of \$27,499.00 from Berger Chevrolet, Grand Rapids, Michigan for a total purchase cost not-to-exceed \$161,846.00.

REASON FOR PURCHASE:

The City's fleet vehicle & equipment policy, which includes a replacement timetable, was created in 1988 to provide a responsible program and process for the practical maintenance and replacement of the City's vehicles and equipment. Proactive and scheduled replacement addresses the issue of replacing a vehicle having relatively low miles but may have seen severe service and or high engine run hours.

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 Purchasing Program. Vehicles are purchased through the Oakland County Cooperative Purchasing 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 40% 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

Berger Chevrolet
 2525 28th SE
 Grand Rapids, MI. 49512

Reason for Selection:

Oakland County Cooperative Purchasing Program

Method of Purchase:

Purchase Order

BUDGET:

Funding is included in the FY 2021 Adopted Budget. A portion of the remaining budget will be utilized for equipping snow plows and a 2yd dump on the selected vehicles.

Fund Name	Department Account No	Account No. Description	FY 2021 Budget Amount	Cost	Remaining Budget
Fleet	661.981000	Capital – Vehicles	\$192,930	\$161,846	\$31,084

RECOMMENDATION:

City Council is requested to authorize the purchase of five (5) new vehicles (replacements for 39-525, 39-526, 39-551, 39-536, and 39-531 from Todd Wenzel Buick GMC, Westland, Michigan in the amount of \$134,347, and one (1) new additional vehicle (replacement for 39-550) in the amount of \$27,499.00 from Berger Chevrolet, Grand Rapids, Michigan for a total purchase cost not-to-exceed \$161,846.00.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney Yes N/A





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