



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: 2020-0575

TO: Mayor and City Council Members
FROM: Sean Canto, Chief of Fire and Emergency Services
DATE: January 11, 2020
SUBJECT: Purchase Authorization for four (4) Vehicles

REQUEST:

City Council is requested to authorize the purchase of four (4) new vehicles, two (2) of which will be utilized by members of the Community Risk Reduction Division (Fire Prevention) purchased from Berger Chevrolet, Inc., Grand Rapids, Michigan in the amount of \$61,704.00, and two (2) Utility Pick-up trucks that will be utilized for day to day activities purchased from Todd Wenzel Buick GMC Westland, Michigan in the amount of \$72,455.00 for a total not-to-exceed purchase price of \$134,159.00.

REASON FOR PURCHASE:

Two (2) vehicles (Chevy Traverses) will be utilized by the members of the Community Risk Reduction Division while performing daily duties within the City of Rochester Hills to include Fire and Life Safety Inspections, Community Risk Reduction Activities, as well as going to and from Public Education events. These two (2) vehicles are included in the 2021 budget. The remaining two (2) vehicles (GMC 2500 HD) were scheduled to be replaced in 2020, but were pushed to 2021, and are utilized as Utility Vehicles. (Snow plowing, trailering, Grass Rig, etc.)

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 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(s) Name and Address:

Todd Wenzel Buick GMC
35100 Ford Rd
Westland, MI 48185

Berger Chevrolet, Inc.
2525 28th Street 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 for two (2) Chevy Traverses and two (2) GMC 2500 HD Pick-ups.

Fund Name	Department Account No	Account No. Description	FY 2021 Budget Amount	Cost	Remaining Budget
Fire Capital	402.981000	Capital - Vehicles x2 Chevy Traverse	\$64,000.00	\$61,704.00	\$2,296.00
Fire Capital	402.981000	Capital - Vehicles x2 GMC 2500 HD	\$84,000.00	\$72,544.00	\$11,456.00
		Total	\$148,000.00	\$134,248.00	\$13,572.00

RECOMMENDATION:

It is recommended that City Council authorize the purchase of two (2) new Chevy Traverses from Berger Chevrolet, Inc., Grand Rapids, Michigan in the amount of \$61,704.00, and two (2) GMC 2500 HD Pick-ups from Todd Wenzel Buick GMC, Westland Michigan in the amount of \$72,544.00 for a total not-to-exceed purchase price of \$134,159.00.

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