



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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Legislative File No: 2024-0061 Version 2

TO: Mayor and City Council Members

FROM: Mike Viazanko, Director Department of Building/Facilities/Ordinance

DATE: February 10, 2025

SUBJECT: Increase to Blanket Purchase Order for Electric Energy for City Facilities

REQUEST:

City Council is requested to authorize an increase to the blanket purchase order for the delivery of electric energy for City facilities from DTE Energy, Detroit, Michigan and Municipal Risk Management Authority, Livonia, Michigan in the amount of \$15,000.00 for a new not-to-exceed amount of \$555,800.00 for payment of remaining 2024 usage charges.

REASON FOR PURCHASE:

As a member of the Michigan Municipal Risk Management Association (MMRMA) Electric Choice Program, the City participates in a cooperative community purchase for electrical power. The City purchases its electric energy for City Hall, Fire Station #1 and DPS Garage through the program from an alternate electricity supplier. Though the cost of electrical energy has varied during the past years, the City enjoys a modest (cumulative) savings below DTE rates. 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. Participation in electric choice is capped by the Public Service Commission at 10%.

Due to the nature of the Electric Choice Program, payments for electrical energy and delivery will be made to MMRMA and DTE Energy. The administrative charges from MMRMA and the customer and distribution charges from DTE Energy continues and may fluctuate as specified by the utility and the Michigan Public Service Commission. The City will continue to monitor the industry to provide the best value for the City.

The rate increase *and* the increased number of properties acquired last year both contribute to higher electricity costs. Therefore, additional funding is needed to process the final invoices for 2024 electrical energy.

PROCESS:

Vendor Name and Address:

DTE Energy
PO Box 2859
Detroit, MI 48260

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funding was included in the FY 2024 Adopted Budget. While this line item is over the 2024 Budget, other line items in the Facilities Fund came in under budget and can be utilized to offset the overage in this line item.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Facilities	631.923000	Electric Utility	\$550,800	\$555,800	(\$5,000)

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorize an increase to the blanket purchase order for the delivery of electric energy for City facilities from DTE Energy, Detroit, Michigan and Municipal Risk Management Authority, Livonia, Michigan in the amount of \$15,000.00 for a new not-to-exceed amount of \$555,800.00 for payment of remaining 2024 usage charges.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Procurement Manager		
Mayor		
City Clerk		

Contract Reviewed by City Attorney Yes N/A