



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
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www.rochesterhills.org

Legislative File No: 2016-0570

TO: Mayor and City Council Members
FROM: Sean Canto, Fire Chief
DATE: January 23, 2017
SUBJECT: Purchase Authorization for Replacement Vehicles for 2017

REQUEST:

City Council is requested to authorize the purchase of two (2) new vehicles for replacement of current vehicles from Todd Wenzel Buick GMC, Westland, Michigan in the amount of \$60,898.00.

REASON FOR PURCHASE:

The vehicles are replacing a sport utility 4wd and a pickup 4wd used by the EMS Coordinator and a Fire Inspector. 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.

The City purchases vehicles through the Oakland County Cooperative Purchase Program and the State of Michigan MIDEAL extended purchase program. Additional cooperative contracts available for the City's use were reviewed to verify that the Oakland County and State of Michigan's Cooperative Purchase Programs continue to offer vehicles to meet the City's needs at the lowest available cost. Vehicles are purchased through the Oakland County Cooperative Purchase program and State of Michigan's MIDEAL program at a cost significantly lower than retail.

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:

A first quarter budget amendment will be forthcoming to carryover \$42,000 for a vehicle budgeted in FY 2016 that was deferred to FY 2017.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fire Capital	402.981000	Capital – Vehicles	\$40,000.00	\$60,898.00	(\$20,898.00)

RECOMMENDATION:

City Council is requested to authorize the purchase of two (2) new vehicles for replacement of current vehicles from Todd Wenzel Buick GMC, Westland, Michigan in the amount of \$60,898.00.

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