



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
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Legislative File No: 2019-0053

TO: Mayor and City Council Members
FROM: Scott Cope, Director of Building/Ordinance/Facilities
DATE: February 11, 2019
SUBJECT: Natural Gas

REQUEST:

City Council is requested to authorize a blanket purchase order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$386,360.00 for the purchase of natural gas for various City owned buildings through February 28, 2022.

REASON FOR PURCHASE:

Through the State of Michigan's MiDeal Program, the City participates as a cooperative member in the purchase of natural gas, utilizing a State qualified and selected vendor, including consulting services and natural gas brokering. In June 2009, the City began using Constellation Energy as its source of the natural gas commodity through the MiDeal program, with firm pricing for the commodity only. The gas customer natural gas utility and the Michigan Public Service Commission.

The City currently pays a fixed rate of \$3.89/MMBtu for its facilities. The City has been notified that the rates have dropped and that the City can lock in at an estimated rate of \$3.15/MMBtu for the new contract term. Actual rate will be at the time of purchase execution. The MiDeal contract's fixed rate historically has remained less than the "utility's" rate.

Utilizing the Choice Program the City continues to save in its purchase of the natural gas commodity under the current rate structure and annual consumption and by locking in the rate is not subject to the monthly market fluctuation of rate changes.

PROCESS:

Vendor Name and Address:

Consumers Energy
Lansing, MI 48937-0001

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funding is included in the FY 2019 Adopted Budget and the FY 2020 and FY 2021 Projected Budgets.

Fund Name	Department Account No	Account No. Description	3-Year Budget Amount	3-Year Cost	Remaining Budget
Facilities	631.926000	Natural Gas Utility	\$386,360	\$386,360	\$0

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorize a blanket purchase order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$386,360.00 through February 28, 2022 and further authorizes the Mayor to execute an agreement with Constellation Energy to lock in the City's natural gas commodity rate through February 28, 2022.

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