



**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: 2009-0524

TO: Mayor and City Council Members
FROM: Roger Rouse, Director of Public Service
DATE: November 13, 2009
SUBJECT: Natural Gas

REQUEST:

City Council authorization of a blanket purchase order to Consumers Energy, Lansing, Michigan, in the amount not-to-exceed \$175,000.00 for the purchase of natural gas for various City owned buildings through December 31, 2009.

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 State qualified and selected vendors including no-charge consulting 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 of \$5.37/Mcf for the commodity only. At the time the City was paying \$8.16/Mcf for the commodity to Consumers Energy. The gas customer charge and distribution charge from Consumers Energy continues and may fluctuate as specified by the natural gas utility and the Michigan Public Service Commission.

History with the program includes mostly the warmer months with less consumption. Nonetheless the savings to date are \$3,560.89, reflecting the months of June through October, 2009.

It is recommended that the City continue with the contract with Constellation Energy through its expiration on March 31, 2010 and utilize the contractual option to renew.

PROCESS:

Vendor Name and Address:

Consumers Energy
Lansing, Michigan 48937-0001

Reason for Selection:

Best Value

Method of Purchase:

Blanket Purchase Order

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Facilities	631.926000	Gas Utility	\$175,000	\$175,000	0

RECOMMENDATION:

It is recommended that City Council authorize a blanket purchase order to Consumers Energy, Lansing, Michigan, for natural gas in the amount not-to-exceed \$175,000.00 through December 31, 2010.

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