



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: 2026-0077

TO: Mayor and City Council Members
FROM: Mike Viazanko, Director Building/Facilities/Ordinance
DATE: February 23, 2026
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 \$672,430.00 for a three (3) year contract term.

REASON FOR PURCHASE:

Through the State of Michigan's MiDeal Cooperative Purchasing Program, the City participates as a cooperative member in the purchase of natural gas, utilizing a State qualified and selected vendor, which includes consulting services and natural gas brokering. In June 2009, the City began utilizing Constellation Energy as its source of the natural gas commodity through the MiDeal program, with firm pricing for the commodity only.

The City for the past 4-years has paid a fixed rate of \$3.95/MMBtu(2022-2026), prior to the that the rates were \$3.15/MMBtu (2019-2022), and \$3.89/MMBtu (2015-2019). The City has been working with Constellation and monitoring rates, and recently just saw a drop in the rate to \$3.99/MMBtu (previously was at \$4.29/MMBtu-\$4.49/MMBtu) and the City is recommending we move forward in securing this rate.

The MiDeal contract's fixed rate historically has remained less that the "utility's" rate. Our business manager at Constellation has advised that the outlook for natural gas demand appears strong due to the growth of data centers, which will necessitate increased natural gas electricity generation. Additionally, the expansion of Liquefied Natural Gas terminals to support continued gas sales overseas. These growth factors will/is putting pressure on natural gas prices.

Utilizing this 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:

Single Source/Best Value

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funding is included in the FY 2026 Adopted Budget and the FY 2027-2028 Projected Budgets

Fund Name	Department Account No	Account No. Description	3-year Budget Amount	3-year Cost	Remaining Budget
Facilities	631.926000	Utility - Gas	\$672,430	\$672,430	\$0

RECOMMENDATION:

City Council is requested to authorize a blanket purchase order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$672,430.00 for a three (3) year contract term.

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