



# City of Grand Island

Tuesday, June 27, 2017

Council Session

## Item G-6

**#2017-179 - Approving Renewal of Coal Marketing Services with Western Fuels Association**

Staff Contact: Tim Luchsinger, Jerry Janulewicz

# **Council Agenda Memo**

**From:** Timothy Luchsinger, Utilities Director  
Jerome Janulewicz, City Attorney

**Meeting:** June 12, 2012

**Subject:** Approving Renewal of Coal Marketing Services with  
Western Fuels Association

**Presenter(s):** Timothy Luchsinger, Utilities Director

## **Background**

On June 12, 2012, Council approved an agreement with Western Fuels Association (WFA), a not-for-profit cooperative formed by public power utilities to provide coal and freight management services. Nebraska members include Nebraska Public Power District, Lincoln Electric System, and Fremont Utilities.

To provide fuel management services, WFA requires Grand Island to become a Class “C”, or non-voting member, and pay an annual fee as provided for in the separately attached confidential agreement. This fee is approximately 0.15% of the delivered coal cost to Platte Generating Station. The fuel management services includes soliciting coal that meets Platte Generating Station’s requirements as part of their bulk solicitation for their other members, and providing a recommended purchase agreement meeting the procurement policies of the City. The final agreement is a contract negotiated between the City and the coal supplier and presented for consideration by Council. Upon approval of the coal supply contract, WFA also manages scheduling of coal deliveries with plant staff, the coal supplier, and the railroad.

## **Discussion**

Western Fuels Association has a full-time professional staff that monitors coal market conditions and tests the market several times a year with multi-million ton solicitations. The Utilities Department requires around 350,000 tons of coal per year and can be in a position to obtain more favorable coal pricing by being included in these large transactions, which would allow our electric rates to remain competitive with regional power producers.

The current agreement expired on June 11, 2017 and the Utilities Department recommends that the Mayor be authorized to execute the First Amendment to the

Services Agreement with Western Fuels Association of Denver, Colorado, for fuel management services, which renews the existing agreement to June 11, 2022, at a reduced annual fee.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council authorize the Mayor to execute the First Amendment to Services Agreement with Western Fuels Association of Denver, Colorado, for fuel management services.

### **Sample Motion**

Move to authorize the Mayor to execute the First Amendment to Services Agreement with Western Fuels Association of Denver, Colorado, for fuel management services.

RESOLUTION 2017-179

WHEREAS, on June 12, 2012, Council approved an agreement with Western Fuels Association to provide fuel management services; and

WHEREAS, their services include soliciting coal that meets Platte Generating Station's requirements and provides a recommended purchase agreement meeting the procurement policies of the City and managing the scheduling of coal deliveries with plant staff, the coal supplier and the railroad; and

WHEREAS, Western Fuels Association has a full-time professional staff that monitors coal market conditions and tests the market several times a year with multi-million ton solicitations which provides favorable coal pricing for the City of Grand Island allowing our electric rates to remain competitive with regional power producers; and

WHEREAS, the current agreement expired on June 11, 2017 and the Utilities Department recommends that the First Amendment to the Services Agreement with Western Fuels Association of Denver, Colorado, for fuel management services be approved, and the Legal Department concurs.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the First Amendment to the Services Agreement with Western Fuels Association be approved, and that the Mayor is hereby authorized to sign the Amendment on behalf of the City of Grand Island.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, June 27, 2017.

---

Jeremy L. Jensen, Mayor

Attest:

---

RaNae Edwards, City Clerk

Approved as to Form	☒ _____
June 23, 2017	☒ City Attorney