



# City of Grand Island

Tuesday, January 11, 2022

Council Session

## Item G-18

**#2022-17 - Approving Emergency Coal Purchase**

Staff Contact: Tim Luchsinger, Stacy Nonhof

# Council Agenda Memo

**From:** Timothy G. Luchsinger, Utilities Director  
Stacy Nonhof, Interim City Attorney

**Meeting:** January 11, 2022

**Subject:** Emergency Procurement of Coal for Platte Generating Station

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

## Background

Due to the extreme winter weather event in February of last year, coal-fueled generation demand has been higher than normal as the natural gas industry has struggled to re-establish gas inventories to normal levels. Along with increased demand for coal, supply chain issues are also impacting and delaying rail shipments across the industry. These factors have caused coal inventories at the Platte Generating Station to approach ten days of operation, down from our planned sixty to ninety days. As an example, three train deliveries were ordered for the month of December, however, only one was received. Department management has been monitoring this situation, and rail shipments continue to be an issue with winter weather looming, therefore, plant staff was directed to pursue immediate short term coal delivery options.

City Procurement Code requires that purchases over \$40,000 for the electric utility fuel purchases be formally advertised for bid, and a contract be approved by Council. The Procurement Code also allows Council to issue a declaration of emergency and authorize emergency procurement based on the most competitive method that the situation allows.

## Discussion

To reduce the draw on the coal storage, on December 24<sup>th</sup>, the unit has been limited to minimum load. To supplement existing inventories until a train delivery, Hastings Utilities was contacted regarding the availability of coal at the Whelan Energy Center, of which Grand Island is a partner in WEC Unit 2. After reviewing its contractual arrangements, Hastings offered to provide up to 5,000 tons from the WEC inventory, to be delivered to PGS with Grand Island provided trucks. Grand Island also contacted Werner Construction regarding availability of trucks, drivers, and loading equipment for these deliveries. Upon discussion by City administration and Department management, plant staff was directed to proceed with the movement of up to 5,000 tons of coal from Hastings to Grand Island with

both parties under a cost of services arrangement, which is estimated to be up to \$215,000.00. If the rail delivery situation improves, Grand Island Utilities Department is not committed to the 5,000 tons and the truck shipments can be discontinued.

### **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 Emergency Procurement of Coal for Platte Generating Station for up to 5,000 tons of coal from Hastings Utilities and Werner Construction.

### **Sample Motion**

Move to approve the Emergency Procurement of Coal for Platte Generating Station for up to 5,000 tons of coal from Hastings Utilities and Werner Construction.

RESOLUTION 2022-17

WHEREAS, the national increased demand for coal, along with supply chain issues have caused coal inventories at the Platte Generating Station to approach ten days of operation; and

WHEREAS, Hastings Utilities has offered to provide up to 5,000 tons from the Whelan Energy Center and Werner Construction has trucks, drivers and loading equipment to facilitate the deliveries at an estimated total cost of up to \$215,000.00; and

WHEREAS, if the rail delivery situation improves, the Department is not committed to the 5,000 tons and the truck shipments can be discontinued.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that an emergency procurement of up to 5,000 tons of coal from Hastings Utilities, with transportation provided by Werner Construction, at a cost estimated to be up to \$215,000.00 be authorized.

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Adopted by the City Council of the City of Grand Island, Nebraska, January 11, 2022.

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Roger G. Steele, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form    ✕ \_\_\_\_\_  
January 7, 2022        ✕ City Attorney