



City of Grand Island

Tuesday, April 26, 2022

Council Session

Item G-13

#2022-114 - Approving Renewal of Coal Market Services with Western Fuels Association

Staff Contact: Tim Luchsinger, Stacy Nonhof

Council Agenda Memo

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

Meeting: April 26, 2022

Subject: Approving Renewal of Coal Market Services with
Western Fuels Association

Presenter(s): Timothy G. 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 include 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 expires on June 11, 2022, and the Utilities Department recommends that the Mayor be authorized to execute the Second Amendment to the

Services Agreement with Western Fuels Association of Northglenn, CO, for fuel management services, which renews the existing agreement to June 12, 2025.

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 presented in this motion.

Recommendation

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

Sample Motion

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

RESOLUTION 2022-114

WHEREAS, on June 12, 2012, Council approved an agreement with Western Fuels Association (WFA) to provide coal and freight management services, which puts the Utilities Department in a position to obtain more favorable coal pricing and in turn allow our electric rates to remain competitive; and

WHEREAS, the current agreement expires on June 11, 2022; and

WHEREAS, the Second Amendment to the Services Agreement with Western Fuels Association would renew the existing agreement to June 12, 2025.

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

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Adopted by the City Council of the City of Grand Island, Nebraska, April 26, 2022.

Roger G. Steele, Mayor

Attest:

RaNae Edwards, City Clerk

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| Approved as to Form | ☒ _____ |
| April 22, 2022 | ☒ City Attorney |