



# **City of Grand Island**

**Tuesday, June 11, 2013**

**Council Session**

## **Item G-7**

**#2013-173 - Approving 2014 Coal Purchase for Platte Generating Station**

**Staff Contact: Tim Luchsinger, Stacy Nonhof**

# **Council Agenda Memo**

**From:** Timothy Luchsinger, Utilities Director  
Stacy Nonhof, Assistant City Attorney

**Meeting:** June 11, 2013

**Subject:** Bid Award –2014 Coal Supply Contract, Platte  
Generating Station – Utilities Department

**Item #'s:** G-7

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

## **Background**

On June 12, 2012, the City of Grand Island entered into an Agreement with Western Fuels Association for managing the purchase of coal for the Platte Generating Station. Western Fuels solicited bids on the purchase of 300,000 tons of coal that is needed for 2014.

Bids were evaluated on heat content of the bid coal, total delivered price including freight cost, and value of the sulfur content of the bid coal:

Heat Content – the heat content of Powder River Basin Coals can vary as much as 15%.

Freight Costs – are included in the evaluation to determine a total delivered cost at Platte Generating Station.

Sulfur Content – in order to operate a coal fired power plant, environmental regulation requires a plant to hold “Emissions Allowances” for regulated sulfur emissions. The allowances are regularly bought and sold by utilities as economic conditions warrant and EPA administers the markets. The price of sulfur allowances for use of each bid coal is a factor in the evaluation.

## **Discussion**

Western Fuels has provided the separately attached confidential analysis of the bids received. The Department concurs in Western Fuels Association recommendation that the

Coal Supply Contract for 2014 for approximately 300,000 tons be awarded to the low compliant bidder, Alpha Coal Sales from the Belle Ayr Mine.

### **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 approve the Coal Supply Contract for 2014 with Alpha Coal Sales from the Belle Ayr Mine, for approximately 300,000 tons of coal.

### **Sample Motion**

Move to approve the Coal Supply Contract for 2014 with Alpha Coal Sales from the Belle Ayr Mine for approximately 300,000 tons of coal.

RESOLUTION 2013-173

WHEREAS, the City Electric Department through Western Fuels Association, invited bids for the 2014 Coal Supply for the Utilities Department, according to the contract specifications; and

WHEREAS, it was stipulated that bid prices and/or final award prices would not be publicly disclosed; and

WHEREAS, Western Fuels Association reviewed and evaluated the bids for compliance with the specifications and for delivered cost; and

WHEREAS, Alpha Coal Sales, submitted bids in accordance with the terms of the advertisement of bids and the contract specifications and all other statutory requirements contained therein; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the bid of Alpha Coal Sales, for the 2014 Coal Supply to Platte Generating Station for approximately 300,000 tons from the Belle Ayr Mine, is approved as the lowest responsive bid submitted.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such contract on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 11, 2013.

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Jay Vavricek, Mayor

Attest:

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RaNae Edwards, City Clerk

Approved as to Form	☐ _____
June 7, 2013	☐ City Attorney