



City of Grand Island

Tuesday, September 14, 2004

Council Session

Item G25

**#2004-234 - Approving Addendum to Agreement to Share Initial
Costs to Investigate Creation of South Dakota Public Power
Authority**

Staff Contact: Doug Walker

Council Agenda Memo

From: Douglas R. Walker, City Attorney

Meeting: September 14, 2004

Subject: Approving Addendum Agreement to Share Initial Costs to Investigate Creation of South Dakota Public Power Authority

Item #'s: G-25

Presenter(s): Douglas R. Walker, City Attorney
Gary Mader, Utilities Director

Background

The city has been contacted by a group of South Dakota municipalities to ascertain whether the City of Grand Island would be interested in exploring the possibility of creating a new public power entity that would investigate the possibility of acquiring the assets of Northwestern Corporation in the event that the company is sold. Discussions have occurred with other municipalities and public power districts in South Dakota and Nebraska to explore the feasibility of establishing a new public power corporation and to investigate the feasibility of purchasing and operating the assets of Northwestern Public Services.

Discussion

The enclosed agreement would obligate the City of Grand Island to pay 11.1% of the cost of evaluating the feasibility of setting up a public power authority which would purchase the stock of Northwestern Public Services. To investigate whether or not setting up such a corporation is feasible and whether it is in the best interests of the various participants to attempt to be involved in setting up a company it is necessary to hire consultants and other professionals to help evaluate the assets of Northwestern Public Services and to evaluate the feasibility of establishing the company amongst a group of public power entities. Costs for the initial feasibility studies are estimated to be \$300,000 and Grand Island's share of the cost would therefore be approximately \$33,300. If the Council chooses to authorize the city to enter into this agreement, it will enable Grand Island to participate in this project through the initial investigations to determine whether it would be economically and legally viable.

Alternatives

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

1. Approve the Addendum to Agreement as prepared.
2. Disapprove or /Deny the Addendum to Agreement.
3. Modify the Addendum to Agreement to meet the wishes of the Council
4. Table the issue

Recommendation

City Administration recommends that the Addendum to Agreement be approved.

Sample Motion

Approve the Addendum to Agreement to Share Initial Costs to Investigate Creation of South Dakota Public Power Authority.

RESOLUTION 2004-234

WHEREAS, on July 12, 2004, an Agreement to Share Initial Costs to Investigate Creation of South Dakota Public Power Authority was entered into by and between Brookings Municipal Utilities, Missouri River Energy Services, and Heartland Consumers Power District to investigate the formation of an entity to be responsible for the acquisition for the natural gas and electric facilities of Northwestern Corporation located in the State of South Dakota, the State of North Dakota, the State of Iowa, and certain portions of the State of Nebraska; and

WHEREAS, such agreement authorizes the parties to complete the initial investigation phase, to assess whether the project is feasible, and to divide the costs for such investigation; and

WHEREAS, a number of South Dakota cities have expressed a desire to participate in such agreement; and

WHEREAS, the parties to such agreement have contacted the City of Grand Island, the City of Kearney, and the City of North Platte to determine if they would be interested in exploring the possibility of creating a new public power entity that would investigate the possibility of acquiring the assets of Northwestern Corporation in the event the company is sold; and

WHEREAS, if the City of Grand Island chooses to join such group, it will enable the City to participate in this project through the initial investigations to determine whether it would be economically and legally viable; and

WHEREAS, the City would be responsible for a share of the initial costs, which is anticipated to be not more than \$50,000; and

WHEREAS, it is recommended that the City of Grand Island participate in such investigation; and

WHEREAS, the proposed Addendum No. 2 to the Agreement to Share Initial Costs to Investigate Creation of South Dakota Public Power Authority has been reviewed and approved by the City Attorney.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that Addendum No. 2 to the Agreement to Share Initial Costs to Investigate Creation of South Dakota Public Power Authority is hereby approved; and the Mayor is hereby authorized and directed to execute such addendum on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 14, 2004.

RaNae Edwards, City Clerk

Approved as to Form	<input type="checkbox"/>	_____
September 9, 2004	<input type="checkbox"/>	City Attorney