



City of Grand Island

Tuesday, September 22, 2009

Council Session

Item G8

**#2009-233 - Approving Bid Award for Natural Gas Supply to
Burdick Station**

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary R. Mader, Utilities Director
Wesley Nespor, Asst. City Attorney/Purchasing

Meeting: September 22, 2009

Subject: Award of Natural Gas Supply Contract between the City of Grand Island and Seminole Energy Services

Item #'s: G-8

Presenter(s): Gary R. Mader, Utilities Director

Background

The Burdick Station power plant generating units are fueled by either fuel oil or natural gas. The current natural gas supply contract for the Burdick Station Power Plant expires on September 30, 2009. Therefore, bids for continued service were solicited for continued supply. The Burdick Station generators are most often used to meet summer peak electric demand, but can also be used other times of the year to meet emergency conditions. Because of the current soft market conditions and down economy, natural gas prices are down and transport capacity is more available than it has been for several years. Therefore, the term of this bid solicitation was extended to two years, expiring on September 30, 2011.

Discussion

The specifications for Natural Gas Supply were advertised and published in accordance with the City Procurement Code and bid documents were sent to five potential bidders. The bids were publicly opened at 11:00 a.m. on September 10, 2009. Two bids were received as tabulated below.

| |
|--------------------------------------|
| Seminole Energy Services, Denver, CO |
| ONEOK Energy Marketing, Tulsa, OK |

The Bids were evaluated for contract compliance and delivered cost at the Burdick Station Power Plant. Since the natural gas usage is for emergency and peaking needs, the actual amount of gas used under the contract is not known at the time of award. The contract includes provisions to provide primary firm transport availability through the contract term, with the gas commodity price determined at the time of use based on price

indices as published daily in an industry publication, Gas Daily Price Guide. Bid evaluation is based on historic average usages.

Both bidders submitted bids compliant with the contract specifications. Utilities department staff conducted bid evaluations as described above. The lowest evaluated bid was received from Seminole Energy Services.

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 award the Natural Gas Supply Contract to Seminole Energy Services of Denver, CO.

Sample Motion

Move to approve to award the Natural Gas Supply Contract to Seminole Energy Services.



Wes Nesor, Purchasing Agent

*Working Together for a
Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: September 10, 2009 at 11:00 a.m.
FOR: Natural Gas Supply to Burdick Power Station
DEPARTMENT: Utilities
FUND/ACCOUNT: 520
PUBLICATION DATE: August 17, 2009
NO. POTENTIAL BIDDERS: 4

SUMMARY

Bidder: Seminole Energy Services Oneok Energy Marketing & Trading
 Holdrege, NE Grand Island, NE

cc: Gary Mader, Utilities Director
Dale Shotkoski, City Attorney
Jeff Pederson, City Administrator
Tim Luchsinger, Assist. Utilities Director

Bob Smith, Assist. Utilities Director
Wes Nesor, Purchasing Agent
Pat Gericke, Utilities Admin. Assist.

P1360

RESOLUTION 2009-233

WHEREAS, the City Electric Department invited sealed bids for Natural Gas Supply Agreement through September 2011 to the Burdick Station Power Plant, according to the contract specifications on file at the Utilities Department office; and

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

WHEREAS, on September 10, 2009, bids were received, opened and reviewed; and

WHEREAS, Seminole Energy Services, with sales offices in Denver, CO, 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 Seminole Energy Services, for the Natural Gas Supply Agreement through September 30, 2011, is approved as the lowest responsive bid submitted.

BE IT FURTHER RESOLVED, that an agreement between the City and such contractor be entered into for such project; and the Mayor is hereby authorized and directed to execute such contract on behalf of the City of Grand Island.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, September 22, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
September 16, 2009 ☐ City Attorney