



City of Grand Island

Tuesday, January 11, 2011

Council Session

Item G8

#2011-2 - Approving Three Year Contract between the City of Grand Island and Union Pacific Railroad for Coal Transportation to Platte Generating Station

Staff Contact: Gary R. Mader

Council Agenda Memo

From: Gary R. Mader, Utilities Director
Dale Shotkoski, City Attorney

Meeting: January 11, 2011

Subject: Coal Freight Transportation Contract between Union Pacific Railroad and the City of Grand Island Utilities

Item #'s: G-8

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

Background

The coal contract with the Union Pacific Railroad (UP) expired on December 31, 2010. That contract was for a three year term. UP was asked to provide price quotations for continued service to move coal from the Wyoming coal fields to the Platte Generating Station Power Plant at Grand Island.

As requested by the Utilities Department, UP provided initial proposals for continued freight service by contract and by Common Carrier Tariff in May of 2010. The initial UP proposals included a number of changes to the conditions car loading along with revised pricing for continued service, resulting in a number of offers and counter offers being made and evaluated over the course of the ensuing months.

Discussion

Union Pacific considers its proposals for continued freight service to be confidential. In order to meet that confidentiality, a report on the negotiations with the railroad and copies of the offers and counter offers exchanged during the last half of 2010 are included under separate cover for each Council Member. Also included in the Council Member packages are copies of two documents referred to as UP Circular 113 and UP Circular 6603. Those two documents contain UP's standard conditions for rail service. They are not confidential and can be accessed on the internet. But since these documents are incorporated by reference in the contract and Common Carrier tariff proposals provided by Union Pacific, a copy of each is included in the Council's package for ease of reference.

If the City Council wishes to discuss the details of the confidential proposal received from Union Pacific, it is recommended that they adjourn to closed session for the protection of the public interest.

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

1. Move to approve the contract offer
2. Move to request a Common Carrier Tariff
3. Refer the issue to a Committee
4. Postpone the issue to future date
5. Take no action on the issue

Recommendation

City Administration's recommends that the Council accept the three year term contract offer from Union Pacific.

Sample Motion

Move to approve the three year contract offer from Union Pacific.

RESOLUTION 2011-2

WHEREAS, the City's current coal transportation contract with the Union Pacific Railroad Company expired on December 31, 2010; and

WHEREAS, Electric Department Staff has negotiated with Union Pacific Railroad to continue coal freight service to Platte Generating Station; and

WHEREAS, Union Pacific Railroad has offered a contract proposal for freight service to Platte Generating Station; and

WHEREAS, the City Attorney has reviewed the Union Pacific Railroad contract proposal and UP Circular 113 and Circular 6603.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that a three year contract with the Union Pacific Railroad is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute the final negotiated agreement with the Union Pacific Railroad Company on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, January 11, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
January 7, 2011 ☐ City Attorney