



City of Grand Island

Tuesday, August 09, 2011

Council Session

Item G11

**#2011-195 - Approving Bid Award - Natural Gas Supply for
Burdick Station from October 1, 2011 through September 30, 2013**

Staff Contact: Tim Luchsinger

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director
Jason Eley, Asst. City Attorney/Purchasing

Meeting: August 9, 2011

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

Item #'s: G-11

Presenter(s): Timothy Luchsinger, Utilities Director

Background

The Burdick Station generating units are fueled by either fuel oil or natural gas. They are most often used to meet summer peak electric demand, but can also be used other times of the year to meet unplanned conditions. The current natural gas supply contract for the Burdick Station Power Plant expires on September 30, 2011, therefore, bids for a natural gas supply were solicited to allow continuing operation of the plant. Because of the current soft market conditions, transport capacity is favorable and the term of this bid solicitation was specified for two years, expiring on September 30, 2013.

Discussion

The specifications for Natural Gas Supply were advertised and published in accordance with the City Procurement Code and bid documents were sent to three potential bidders. The bids were publicly opened at 2:15 p.m. on July 27, 2011. One bid was received from the current supplier, Seminole Energy Services of Holdrege, Nebraska. As is customary with fuel supply transactions, the bid prices were agreed to not be made public.

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. The bid price from Seminole for the firm transport portion is less than the current price, while gas pricing provisions remain the same.

The submitted bid is compliant with the contract specifications and is recommended by the Utilities Department for approval.

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 Holdrege, Nebraska.

Sample Motion

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



Jason Eley, Purchasing Agent

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Better Tomorrow, Today*

BID OPENING

BID OPENING DATE: July 27, 2011 at 2:15 p.m.
FOR: Natural Gas Supply to Burdick Power Station
DEPARTMENT: Utilities
FUND/ACCOUNT: 520
PUBLICATION DATE: July 6, 2011
NO. POTENTIAL BIDDERS: 3

SUMMARY

Bidder: Seminole Energy Services
Holdrege, NE

cc: Tim Luchsinger, Utilities Director
Jason Eley, Purchasing Agent
Mary Lou Brown, City Administrator

Bob Smith, Assist. Utilities Director
Pat Gericke, Utilities Admin. Assist.
Larry Keown, Power Plant Supt.

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RESOLUTION 2011-195

WHEREAS, the City Electric Department invited sealed bids for Natural Gas Supply Agreement through September 2013 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 July 27, one bid was received, opened and reviewed; and

WHEREAS, Seminole Energy Services, with sales offices in Holdrege, Nebraska, submitted a bid 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, 2013, is hereby approved.

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.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 9, 2011.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk