

PUBLIC WORKS & UTILITIES COMMITTEE

13-0040R

RESOLUTION AUTHORIZING AN INCREASE OF \$250,000 TO THE CITY'S CONTRACT C21251 WITH VENTURE FUELS FOR THE PURCHASE AND DELIVERY OF COAL TO THE DULUTH STEAM PLANT DURING THE REMAINING 2012/2013 SEASON, FOR A NEW ESTIMATED CONTRACT TOTAL OF \$7,890,640.

CITY PROPOSAL:

WHEREAS, the Duluth city council approved a three-year contract with Venture Fuels for the purchase and delivery of coal to the Duluth steam plant with passage of Resolution 10-0495R on September 27, 2010.

WHEREAS, the city has since issued payments to Venture Fuels in the amount of \$2,672,664.94 from November 2010 through October 2011, and \$2,584,362.53 from November 2011 through October 2012.

WHEREAS, the city now requires an increase to fully cover the November 2012 through October 2013 season due to price adjustments as provided in Contract C21251 and increased fuel consumption.

NOW, THEREFORE, BE IT RESOLVED, that the proper city officials are hereby authorized to implement an increase of \$250,000 to Contract C21251 with Venture Fuels for the purchase and delivery of coal, for a new estimated contract total

of \$7,890,640; said increase of \$250,000 to be paid from Steam Fund 540, Dept./Agency 920 (Steam Department), Org. 1490 (Steam Production), Obj. 5387 (Coal).

Approved:



Department Director
Purchasing Agent  _____

Approved for presentation to council:



Chief Administrative Officer

Approved as to form:

Attorney

Approved:



Auditor

STM/PRCH DS:le 01/16/2013

STATEMENT OF PURPOSE: This resolution authorizes an increase of \$250,000 to the city's Contract No. 21251 with Venture Fuels. This is due to price changes (as provided in the contract) and increased fuel consumption. Prices adjustments are due to railroad, truck freight, and dock handling costs. Increased fuel consumption depends on a variety of factors.

The city purchasing division posted a request for bids on the city's website August 2, 2010. Venture Fuels was the only responder by the August 24, 2010, closing date.

Venture Fuels is a joint venture partnership between Midwest Energy Resources Company (in Superior, Wisconsin) and NERCO Coal Sales LLC (in Gillette, Wyoming), an affiliate of Cloud Peak Energy Resources LLC.

Requisition No 13-0082