

PUBLIC WORKS & UTILITIES COMMITTEE

13-0404R

RESOLUTION AWARDING A THREE-YEAR CONTRACT TO VENTURE FUELS FOR PROVIDING COAL TO THE DULUTH STEAM PLANT FOR YEARS 2014, 2015, AND 2016 AT AN ESTIMATED \$2,613,520 PER YEAR, AND A TOTAL ESTIMATED CONTRACT AMOUNT OF \$7,840,560.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to enter into a three-year contract with Venture Fuels for the purchase and delivery of up to 56,000 tons of Western Sub-bituminous coal per year to the Duluth steam plant, located at One Lake Place Drive, for calendar years 2014, 2015, and 2016 in accordance with city-approved specifications and the vendor's bid of \$46.67 per delivered ton at an estimated cost of \$2,613,520 per year, beginning with 2014, terms net 10, FOB destination, payable from Steam Fund 540, Dept./Agency 920 (Steam Dept.), Org. 1490 (Steam Production), Obj. 5387 (Coal).

RESOLVED FURTHER, that the total estimated contract value of 168,000 tons for fiscal years 2014, 2015, and 2016 is \$7,840,560, payable from the steam fund.

RESOLVED FURTHER, that the base price is subject to changes in diesel fuel prices, indexed rail prices, and other price adjustments as indicated in the vendor's proposal.

Approved:


 Department Director
 Purchasing Agent 

Approved for presentation to council:


 Chief Administrative Officer

Approved as to form:


 Attorney

Approved:


 Auditor

STEAM/PRCH DS:le 07/31/2013

STATEMENT OF PURPOSE: This resolution authorizes a contract with Venture Fuels for the purchase of fuel for use by the Duluth Steam Plant in the following quantities and rates:

	<u>Tons</u>	<u>Cost/Ton</u>	<u>Total</u>
January 1, 2014 - December 31, 2014	56,000	\$46.67	\$2,613,520
January 1, 2015 - December 31, 2015	56,000	\$46.67	\$2,613,520
January 1, 2016 - December 31, 2016	<u>56,000</u>	\$46.67	<u>\$2,613,520</u>
	168,000		\$7,840,560

The delivered price is set for the term January 1, 2014, through December 31, 2016. However, the total cost is subject to price adjustments as indicated in the vendor's proposal and changes in energy needs during the period covered.

The purchasing division posted a request for bids June 25, 2013, on the city's website, and received one response from Venture Fuels by the closing date. Steam plant managerial staff reviewed the bid and recommended approval.

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

Requisition 13-0371 & 14-0001