

PUBLIC WORKS & UTILITIES COMMITTEE

13-0424R

RESOLUTION AUTHORIZING A SECOND INCREASE OF \$550,000 TO THE CITY'S CONTRACT C21251 WITH VENTURE FUELS FOR THE PURCHASE AND DELIVERY OF COAL TO THE DULUTH STEAM PLANT DURING NOVEMBER AND DECEMBER OF 2013, FOR A NEW ESTIMATED CONTRACT TOTAL OF \$8,440,640.

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 council approved Resolution 13-0040R on January 28, 2013, authorizing an increase of \$250,000 to Contract C21251 to fully cover price adjustments as provided in the contract and increased fuel consumption.

WHEREAS, the city now finds that it requires a second increase of \$550,000 because (a) the previous resolutions did not include an estimate for coal to be purchased in November and December of 2013, and (b) the overall cost of coal is higher than anticipated.

NOW, THEREFORE, BE IT RESOLVED, that the proper city officials are hereby authorized to implement a second increase of \$550,000 to Contract C21251 with Venture Fuels for the purchase and delivery of coal in November and December of 2013, for a new estimated contract total of \$8,440,640 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

STEAM/PROH WP:DS:le 08/02/2013

STATEMENT OF PURPOSE: This resolution authorizes a second increase of \$550,000 to Contract No. 21251 with Venture Fuels. This increase is needed because (a) the previous resolutions did not include an estimate for coal to be purchased in November and December of 2013, and (b) the overall cost of coal is higher than anticipated.

The city purchasing division posted the original request for bids for the current contract on August 2, 2010, on the city's website, and received one response from Venture Fuels by the closing date.

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 pending