



Legislation Text

File #: 18-0848R, **Version:** 1

RESOLUTION AUTHORIZING AN AMENDMENT TO EXTEND CONTRACT 22091 WITH VENTURE FUELS FOR ONE ADDITIONAL YEAR FOR THE PURCHASE AND DELIVERY OF COAL TO DULUTH ENERGY SYSTEMS FOR 2019 FOR AN ESTIMATED \$615,264.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to amend contract C22091 with Venture Fuels (a joint venture partnership between Midwest Energy Resources Company & NERCO Coal Sales, LLC) for the purchase and delivery of approximately 13,600 tons of western sub-bituminous coal to Duluth Energy Systems (DES) for one (1) additional year through December 31, 2019 at the negotiated price of \$45.24 per ton, subject to changes in diesel fuel prices and other price adjustments, payable from 540-920-1490-5387 (Steam Fund; Steam Department; Steam Production; Coal).

STATEMENT OF PURPOSE: This resolution authorizes a third amendment to extend City contract C22091 with Venture Fuels for one additional year at the negotiated price of \$45.24 per ton. Venture Fuels supplies Spring Creek coal for DES.

The delivered cost per ton is subject to rail and trucking fuel price adjustments per the terms contained in the existing contract. The city is obligated to complete the purchase of the estimated 13,600 tons per the agreement as amended in 2018. Total quantity is estimated and may change due to energy needs during the year.

The actual amount of coal purchased has decreased due to the conversion of two of the DES boilers to natural gas, and DES is currently converting the remaining two boilers to be able to burn either renewable fuel oil or natural gas. Assuming that the conversion is completed timely, this will be the final year of the coal contract.

Annual contract totals are as follows:

2014 - \$2,797,630.17 (actual)
2015 - \$2,003,754.56 (actual)
2016 - \$2,038,585.16 (actual)
2017 - \$856,858.98 (actual)
2018 - \$951,538.67 (expensed year to date)