

Council Agenda Item 26-0418R



MEETING DATE: May 11, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE SOLE SOURCE PURCHASE OF A NATURAL GAS REGULATOR STATION HEATER FROM OGI PROCESS EQUIPMENT FOR A TOTAL AMOUNT OF \$346,450.00

SUBMITTED BY: Howard Smith, Chief Utility Engineer, Public Works and Utilities

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: This resolution replaces resolution 25-0403R. Council approved resolution 25-0403R for the same gas regulator station heaters from Nelson Technologies. Nelson Technologies was a distributor of OGI Process Equipment. Before the order could be processed, Nelson Technologies separated from OGI Process Equipment. The heaters now need to be purchased directly from OGI. Attached as Exhibit B are OGI's Standard Terms of Sale.

BACKGROUND: The Great Lakes Regulator Station is the primary feed for natural gas for the City of Duluth. As the gas is cut under pressure through the station for distribution, it drops in temperature. This can result in ice buildup in our regulator stations if not heated properly. Pre-heating the gas is essential to provide safe reliable natural gas to customers. The heater installed in 2003 is nearing the end of its useful life and can no longer meet peak demand gas flow alone, meaning that the station does not have true redundancy in the coldest conditions. Installing the second heater will increase the resiliency of the City's main gas supply. This resolution will authorize the sole source purchase of a natural gas regulator station heater that will match and integrate with an existing inline heater owned by the City that was installed in 2019. The department wishes to have identical components to simplify operation and maintenance. The new heater can work in series with the existing heater or independently, and new upgrades will allow remote troubleshooting for both heaters.

BUDGET/FISCAL IMPACT: This is a budgeted 2025 and 2026 capital expense from the gas fund 520.

OPTIONS: Approve and upgrade critical infrastructure or deny and continue to maintain existing equipment from 2003 that can no longer meet peak demands at the Great Lakes Regulator Station on its own.

NECESSARY ACTION: Approve the purchase of the natural gas regulator station heater.

ATTACHMENTS: Exhibit B – Standard Terms of Sale