



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of RFP 14-174, Natural Gas Requirements to Select Sites and Natural Gas Contract Administration

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the award of RFP 14-174 for providing Natural Gas Requirements to select sites and Natural Gas Contract Administration, to CenterPoint Energy Services, for an amount not to exceed \$486,026 for a two year period with the option to extend for two additional two year terms.

BOARD/COMMISSION REVIEW:

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action

DEPARTMENT: Department of Public Works
Procurement Services Team

SUBMITTED BY: Michael E. Bevis, Chief Procurement Officer

FISCAL IMPACT:

Budgeted Accounts:

Budgeted Amounts (FY15):

Strategic Services – 010-4220-431.60-44	\$2,750
Public Buildings – 010-4240-418.60-44	\$65,000
Burlington Fund – 104-4410-434.60-44	\$2,500
Naper Settlement – 016-7513-451.60-44	\$53,282
Nichols Library – 102-6201-455.60-44	\$21,000
Naper Blvd. Library – 102-6301-455.60-44	\$16,538
95 th Street Library – 102-6401-455.60-44	\$18,743

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Electric Utility – 410-3320-533.60-44	\$27,550
Water Supply – 430-3811-537.60-44	\$9,600
Water Reclamation – 430-3813-537.60-44	\$1,550
WD&C Manager – 430-3910-537.60-44	\$18,000
WW Collection – 430-3912-537.60-44	\$5,000
Civil Engineering – 430-3940-537.60-44	\$1,500
TOTAL:	\$243,013 (FY15)*

*Staff will budget accordingly for FY16

BACKGROUND:

The Department of Public Works assists in coordinating the purchase and delivery of utility natural gas to select City facilities within different departments. The awarded firm will provide gas requirements and gas contract administration to the City for select sites (See Attachment 1). The firm will be responsible for nominating, scheduling, and transporting natural gas to the appropriate city gate.

DISCUSSION:

NOTIFICATION AND RESPONSE:

Notices Sent:	323
Planholders:	9
Bids Received:	2

Proposals were received from the following firms:

- CenterPoint Energy
- Schneider Electric

An evaluation committee made up of staff from the Department of Public Works, Naperville Library and Naper Settlement reviewed and scored the remaining responsive proposals, based on the following criteria/weights published in the RFP:

ITEM	POINTS
Corporate Profile	20
Gas Purchasing and Management Questions	55
Support Service Questions	25
TOTAL	100

Center Point Energy received the highest score by providing all of the requested data and other support information the City required, combined with their overall approach to the provision and management of natural gas for the City.

Part two of the procurement process was to open the financial proposals received from the responsive firms and apply weighted scoring to obtain a final selection. Submitted Management Fee Proposals are shown in the table below:

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Company	Final Score	Offer	Fee	Adjusted Management Cost
CenterPoint	84	\$1,100	\$0.005	\$1,309
Schnieder	73	\$4,400	\$0.020	\$6,027

The award amount will include the cost of the gas to the City as well as the management fee from CenterPoint for nominating, scheduling, and transporting natural gas to the appropriate city gate. This fee is \$0.005 over the cost of gas per therm. This fee is the same as the last contract with CenterPoint.

CenterPoint proposed a “Build and Drain” program for securing natural gas for the City. The Build & Drain program will purchase pre-determined amounts of incremental gas in non-winter months to be injected into storage for use when gas often costs less than in winter months (dollar cost averaging). This strategy is used to offset volatility during the winter months and take advantage of the historically lower prices in the summer/early fall months.

The amount awarded was based on the budgeted amount.

RECOMMENDATION:

Approve the award of RFP 14-174 for providing Natural Gas Requirements to select sites and Natural Gas Contract Administration, to CenterPoint Energy Services, for an amount not to exceed \$486,026 for a two year period with the option to extend for two additional two year terms.

ATTACHMENTS:

1. Site Locations

CENTERPOINT ACCTS

Facility/Site	Address	Acct#	Rate 74	Rider 25	Comment
General Fund Facilities					
Municipal Center	400 S Eagle Street	307789551			
Police Facility	1350 Aurora Ave.	333855154		X	Franchise
Animal Pound	1340 Aurora Ave.	333854160			Franchise
Public Works Service Center	180 Fort Hill Drive	5843343958		X	Franchise
Water Tower West	414 E 5th Ave.	319829521	X	X	
Fire Station #1	964 E Chicago Ave	305919500		X	
Fire Station #2	601 East Bailey Road	304989510		X	
Fire Station #3	1803 N Washington	301789553		X	
Fire Station #4	1971 Brookdale	339819601		X	Franchise
Fire Station #5	2191 Plainfield/Naperville Rd.	336859501		X	Franchise
Fire Station #6	2808 103rd Street	314829501		X	
Fire Station #7/EOC	1380 Aurora Ave.	333859770			
Fire Station #8	1320 Modaff	308845090		X	Franchise
Fire Station #9	1144 W Ogden			X	
Fire Station #10	3201 W 95 th			X	
CNG Site	1800 S Washington	307795410		X	
Public Utilities - Electric Facilities					
DPU-E Pole Barn	1394 Aurora Ave.	338864920	X		
DPU-E Service Center	1392 Aurora Ave.	338985680			
Public Utilities - Water Facilities					
DPU-W Generator	1939 Skylane	304781790		X	
DPU-W Pump Station	1E Huffman	306919540		X	
DPU-W Pump Station	1608 W Diehl Rd.	339839561		X	
DPU-W S Operations Barn	1800 S Washington	307795410		X	
DPU-W NW Waterworks	1608 W. Diehl	339839561		X	
DPU-W SW Waterworks	1006 Whispering Hills	308817570		X	
DPU-W, Dist & Metering	1095 W. 5th	334859571		X	
North Operations Center	1200 Ogden	334853480	X	X	
Naperville Library Facilities					
Naperville Library (95th Street)	3015 Cedar Glade Dr		X		
Naperville Library (Main)	200 West Jefferson	307783981	X		
Naperville Library (Naper Blvd)	2035 S Naper Blvd	340827121	X		
Commuter Parking Facilities					

CENTERPOINT ACCTS

Burlington Train Depot	105 E 4th Street	306919550		X	
<i>Naper Settlement Facilities</i>					
Annex	230 W Aurora Ave	309923210			
Chapel	230 W Aurora Ave	309920631			
Mansion	230 W Aurora Ave	309920531			
Pre-Emption House	230 W Aurora Ave	309923240	X		

City of Naperville Natural Gas Accounts
REMAINING WITH NICOR

Facility/Site	Address	Acct#	Rate 74	Rider 25	Comment
General Fund Facilities					
HHW Building	1979 Brookdale	334809490			
Community Connections	535 Fairway Drive				
Public Utilities - Water Facilities					
Springbrook	3712 Plainfield/Naperville Road			X	
Springbrook Generator	3612 Plainfield/Naperville Road	35937527824		X	
DPU-W 1303 Clyde Drive	1303 Clyde Drive	309859550		X	
DPU-W Pump Station	1699 Ranchview	321799500		X	
DPU-W Pump Station	1006 Whispering Hills	338919560		X	
DPU-W Lift Station Generator	2426 Trillium Ln	335871840		X	
DPU-W Lift Station Generator	2315 Bill Ct.	335871850		X	
DPU-W Lift Station Generator	1939 Skyline Dr	304781790		X	
DPU-W Lift Station Generator	NS Fairway 1E N. Aurora	327716960		X	
DPU-W Pump Station	SS School 1E Huffman	306910490		X	
DPU-W Well # 20	2812 W. 103rd	314821830		X	
Naper Settlement Facilities					
Daniels House	230 W Aurora Ave	309920130			
Haight Meeting House	230 W Aurora Ave	309921260			
Half-Way House	230 W Aurora Ave	309920120			
Murry House	230 W Aurora Ave	309921330			
Paw Paw House	230 W Aurora Ave	309924840			
Print Shop	230 W Aurora Ave	309920180			
Restrooms	230 W Aurora Ave	309920140			
School House	230 W Aurora Ave	309920930			



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of the First Two Year Extension Option to Contract 14-174, Natural Gas Broker

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of the First Two Year Option to Contract 14-174, Natural Gas Broker, to Center Point Energy Services for an amount not to exceed \$486,026.

BOARD/COMMISSION REVIEW:

N/A

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
05/06/14	I4	Original Award

DEPARTMENT: Department of Public Works (DPW)
Finance Department

SUBMITTED BY: Richard Dublinski, DPW Director
Rachel Mayer, Finance Director

BACKGROUND:

The Department of Public Works (DPW) assists in coordinating the purchase and delivery of utility natural gas to select City facilities within different departments. CenterPoint Energy Services provides gas requirements and gas contract administration to the City for select sites (See Attachment 1). The firm is responsible for buying, scheduling, and transporting natural gas to the City of Naperville.

Sites that are included with this contract are chosen based on gas usage. Utility regulations establish tariffs for different size users. Users are defined by the meter location; each building is a user. The buildings not included in this award are either too small and fall under the residential tariff, or in the case of some of our largest non-utility fund buildings, they receive free natural

gas under our franchise agreement with NICOR. CenterPoint has performed well during the initial contract term.

DISCUSSION:

CenterPoint provides a “Build and Drain” program for securing natural gas for the City. The Build & Drain program purchases pre-determined amounts of incremental gas in non-winter months to be injected into storage for use when gas often costs less than in winter months (dollar cost averaging). This strategy is used to offset volatility during the winter months and take advantage of the historically lower prices in the summer/early fall months.

The award amount includes the cost of the gas to the City as well as the management fee from CenterPoint for nominating, scheduling, and transporting natural gas to the appropriate city gate. This fee is \$0.005 over the cost of gas per therm. Since natural gas prices have stabilized and staff negotiated a zero increase to the fee charged by CenterPoint to manage the contract, staff is seeking to extend the current contract for the first two year available extension in order to fix the prices through April 2018. This contract allows the city to manage the risk associated with the often changing natural gas prices.

FISCAL IMPACT:

The costs to provide natural gas for the City’s facilities are expensed across multiple funds as shown in the table of accounts below. The City expended \$253,514 on natural gas for the 12 months ending December 2015. A total of \$228,711 has been budgeted for natural gas in CY2016. This contract extends into CY2018; staff will continue to monitor natural gas prices and will ensure funds are budgeted accordingly.

Account Number	Fund Description	Total Budget Amount
010-4220-431.60-44	General Fund	\$2,750
010-4240-418.60-44	General Fund	\$75,000
104-4410-434.60-44	Burlington Fund	\$2,425
410-3320-533.60-44	Electric Fund	\$23,000
430-3811-537.60-44	Water & Wastewater Fund	\$10,100
430-3912-537.60-44	Water & Wastewater Fund	\$5,500
430-3940-537.60-44	Water & Wastewater Fund	\$1,600
016-7513-451.60-44	Naper Settlement Fund	\$46,296
102-6201-455.60-44	Library Fund	\$23,150
102-6301-455.60-44	Library Fund	\$18,230
102-6401-455.60-44	Library Fund	\$20,660

RECOMMENDATION:

Approve the Award of the First Two Year Extension Option to Contract 14-174, Natural Gas Broker, to Center Point Energy Services for an amount not to exceed \$486,026.

ATTACHMENTS:

1. Prior Award