



Legislation Details (With Text)

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Title: Approve the award of the second two-year extension to Contract 14-174, Natural Gas Broker, to Center Point Energy Services for an amount not to exceed \$486,026

Sponsors:

Indexes:

Code sections:

Attachments: 1. Prior Awards

Date	Ver.	Action By	Action	Result
4/3/2018	1	City Council	approved	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of the second two-year extension to Contract 14-174, Natural Gas Broker, to Center Point Energy Services for an amount not to exceed \$486,026

DEPARTMENT: Department of Public Works

SUBMITTED BY: Richard Dublinski, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The Department of Public Works (DPW) assists in coordinating the purchase and delivery of utility natural gas to select City facilities. Contract 14-174, Natural Gas Broker, was awarded by the City Council on May 6, 2014 for a two-year term, with two, two-year options to extend. The awarded vendor, Center Point Energy Services, provides gas requirements and gas contract administration to the City for select sites. Specifically, Center Point Energy is responsible for buying, scheduling and transporting the 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 with each building considered an individual 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, receive free natural gas under the City’s ranchise agreement with Nicor.

Center Point provides a “Build and Drain” program for securing natural gas for the City. The Build and 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.

DISCUSSION:

Center Point Energy has performed well during the initial contract term and first two-year extension. Since natural gas prices have stabilized, and staff was able to negotiate a zero percent increase to Center Point Energy’s management fee, staff is seeking to extend the current contract for the second and final two-year extension in order to fix the prices through April 2020. This contract allows the City to manage the risk associated with the often-changing natural gas prices.

The award amount includes the cost of the natural gas to the City and Center Point Energy’s management fee for nominating, scheduling and transporting the natural gas to the appropriate city gate. The management fee, which has remained the same since the original award, is \$0.005 over the cost of gas per therm.

The term of the extension is May 1, 2018 through April 30, 2020.

FISCAL IMPACT:

CIP #: N/A

This contract is expensed to the natural gas accounts across multiple funds as shown in the table below. A total of \$231,756 has been budgeted for this expense in 2018. This contract extends into 2020 and funding will be programed for the remainder of that term.

Account Number	Fund Description	Total Budget Amount
31101100-542413	General Fund	\$2,750
31341100-542413	General Fund	\$75,000
31251200-542413	Commuter Parking Fund	\$2,425
40271300-542413	Electric Utility Fund	\$23,000
41251510-542413	Water Utilities Fund	\$10,100
41251520-542413	Water Utilities Fund	\$6,250
41251530-542413	Water Utilities Fund	\$4,000
41101500-542413	Water Utilities Fund	\$25,250
51343200-542413	Naper Settlement Fund	\$33,981
50102910-542413	Library Fund	\$20,000
50102920-542413	Library Fund	\$9,000
50102930-542413	Library Fund	\$20,000