

 <p style="text-align: center;"><b>Council</b> <b>Communication</b> Office of the City Manager</p>	<b>Date:</b> May 7, 2012
	<b>Agenda Item No.</b> 41 <b>Roll Call No.</b> [ ] <b>Communication No.</b> <u>12-203</u> <b>Submitted by:</b> Scott E. Sanders, Finance Director

**AGENDA HEADING:**

Approving purchase of natural gas supplies and services from Constellation NewEnergy per State of Iowa contract.

**SYNOPSIS:**

Authorize the Finance Director to negotiate and execute agreements with Constellation NewEnergy – Gas Division, LLC. and continued renewals subject to legal approval.

**FISCAL IMPACT:**

Amount: Expenditures for the last 12 months (March 2011 - Feb 2012) were approximately \$371,000.

Funding Source: Costs are charged directly to numerous enterprise, internal service, and general fund budgets.

**ADDITIONAL INFORMATION:**

Council authorized an initial contract with Cornerstone Energy (now Constellation) in May 2005. The goal was to reduce costs by buying through a third party marketer, thereby eliminating the higher costs of a regulated utility, and accessing natural gas procurement options, including the purchase of fixed future price contracts.

The State of Iowa has a contract with Constellation NewEnergy, low bidder, with pricing that is slightly better than the current agreement with the City. City staff continues to discuss natural gas and other fuel purchase plans and strategies with the County, Des Moines Public Schools, and other area entities. But there is not an economic benefit to procure natural gas jointly with these entities.

Constellation NewEnergy has demonstrated satisfactory performance in the billing process, energy information, and procurement options for the purchase of natural gas. Approval of the new agreement would allow the City to work with Constellation to review options on how best to purchase future winter gas requirements in the volatile natural gas market. The Master Agreement under signature by the Finance Director does not bind the City to purchase any specific amount of natural gas and thus Council approval is being sought to allow for more than \$25,000 in annual purchases.

**PREVIOUS COUNCIL ACTION(S):**

Date: March 9, 2009

Roll Call Number: [09-398](#)

Action: [Renewal](#) Addendum with Constellation NewEnergy – Gas Division, LLC (formerly Cornerstone Energy) for Natural Gas Supply until March 31, 2010 and authorizing Finance Director to execute renewal addendum and implementing agreements. ([Council Communication No. 09-160](#))  
**Moved by Vlassis to adopt. Motion Carried 7-0.**

Date: May 23, 2005

Roll Call Number: 05-299

Action: Issuance one year contract with two 12 month renewal terms with Cornerstone Energy for natural gas supply. Moved by Hensley to adopt. Motion Carried 7-0

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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