

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	April 11, 2016
	Agenda Item No.	44
	Roll Call No.	<u>16-0587</u>
	Communication No.	<u>16-202</u>
	Submitted by:	Dan Ritter, Finance Director

AGENDA HEADING:

Approving purchase of natural gas supplies from Constellation New Energy.

SYNOPSIS:

Approve procurement of natural gas from Constellation New Energy – Gas Division, LLC., for one (1) year with up to five (5) one (1) year renewals, and authorize the Finance Director to negotiate and execute orders and agreements for the renewals subject to Legal Department approval.

FISCAL IMPACT:

Amount: Annual expenditures vary depending on winter, but the average of several years is approximately \$372,000.

Funding Source: Costs are charged directly to numerous budgets across the City with the largest expense charge to Housing Services Department and City Manager Facilities Maintenance budget- which includes municipal buildings and the Public Works compounds.

ADDITIONAL INFORMATION:

Council authorized an initial contract with Cornerstone Energy (now Constellation New Energy) 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 entered into a new contract with Constellation New Energy, as the low bidder. Constellation New Energy 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.

PREVIOUS COUNCIL ACTION(S):

Date: May 7, 2012

Roll Call Number: [12-0716](#)

Action: [Procurement](#) of natural gas supplies for City-wide use per State of Iowa Contract and implementing ancillary orders and agreements and up to (2) two one-year renewal terms at the then current State of Iowa Contract administrative rate from Constellation New Energy (Kenneth Cornew, President) for use by the Park and Recreation Department. ([Council Communication No. 12-203](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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