



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

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Title: Authorization to amend Board Order of February 20, 2014, for Authorization to enter into an agreement with a successful Proposer(s) for the request for Proposal (RFP) 13-RFP-20, Procurement of Natural Gas, estimated cost \$5,400,000.00, Accounts 101-66000, 67000, 68000, 69000-612160, Agenda Item No. 11, File No. 14-0136 (As Revised)

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11/6/2014	1	Committee of the Whole	Recommended	Pass
11/6/2014	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 6, 2014

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to amend Board Order of February 20, 2014, for Authorization to enter into an agreement with a successful Proposer(s) for the request for Proposal (RFP) 13-RFP-20, Procurement of Natural Gas, estimated cost \$5,400,000.00, Accounts 101-66000, 67000, 68000, 69000-612160, Agenda Item No. 11, File No. 14-0136 (As Revised)

Dear Sir:

At the Board Meeting of February 20, 2014, the Board of Commissioners duly authorized the above stated action, Agenda Item No. 11, File No. 14-0136.

The title and resulting order indicated "Authorization to enter into an agreement with a successful Proposer(s) for the Request for Proposal (RFP) 13-RFP-20, Procurement of Natural Gas, Accounts 101-66000, 67000, 68000, 69000-612160." Same should have read "Authorization to enter into an agreement for up to three years with a successful Proposer(s) for the Request for Proposal (RFP) 13-RFP-20, Procurement of Natural Gas, Accounts 101-66000, 67000, 68000, 69000-612160."

The fourth paragraph in the body of the transmittal letter and resulting order should be deleted in its entirety and replaced with the following three paragraphs:

"The District intends to award a contract(s) for the procurement of natural gas for the years 2015, 2016, and 2017 on the basis of the technically acceptable proposal(s) that will result in the best value for each pricing group included in the reverse auction to take place in the near future. Technically acceptable proposals will be

those proposals that meet the qualifications and requirements contained in 13-RFP-20, Procurement of Natural Gas. These Proposers will be invited to participate in the online reverse auction for natural gas, and Proposers will be allowed to offer and reoffer pricing until the close of the auction time for each pricing group and accompanying contract term period.

The District will be requesting pricing for two different models, a firm fixed price and an index-based price. If the District accepts a price under the fixed price model, the District will pay the same rate for all natural gas purchased under the agreement throughout the duration of the term of the agreement. The pricing for this model will include the natural gas commodity as well as other ancillary costs such as storage and management, transportation, pipeline losses, pipeline capacity, all applicable royalties and taxes, any additional Contractor's costs, and supplier margin. If the District accepts a price under the index-based model, the natural gas commodity price will rise and fall with the market while the ancillary costs will remain fixed. Under both pricing models, certain ancillary costs that are fixed on the day of award may change as a result of regulatory action in the future.

The pricing requested during the auction will only represent a portion of the costs incurred by the District to purchase natural gas, which represent the costs to deliver the natural gas to the citygate. The District will also be responsible for costs to be paid directly to the Local Distribution Company (LDC), which delivers the natural gas from the citygate to the District's facilities."

The eighth paragraph in the body of the transmittal letter and resulting order should be deleted in its entirety and replaced with the following paragraph:

"Therefore, it is requested that the Board of Commissioners authorize the Director of Procurement and Materials Management to enter into an agreement with a successful Proposer(s) to supply natural gas to the District, subject to appropriation, at a maximum price of \$5.00 per dtherm under the fixed price option or for an indexed price providing the best value price offer submitted which meets the District's need on the date of the auction. If an indexed price is chosen, the price of the natural gas will fluctuate with the market while the delivery charge for the District will remain fixed for the term of the agreement, up to a maximum term of three years. In either case, certain ancillary costs may increase or decrease as a result of regulatory action throughout the term of the agreement."

All other information provided in the transmittal is correct.

Therefore, it is requested that the aforesaid Board Order of February 20, 2014, be amended to effect the changes set forth above, otherwise to remain in force and effect as heretofore enacted.

Requested, Manju Prakash Sharma, Director of Maintenance & Operations, AQ:SO'C
Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management
Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for November 6, 2014