

CITY OF LARNED
WORK SESSION MINUTES
CITY HALL
MONDAY February 25, 2019
6:30 PM

Mayor William Nusser called the work session to order with the following Councilmembers present: Councilmember Kim Barnes, Councilmember Dennis Wilson, Councilmember Jason Murray, Councilmember Carroll Bennett, Councilmember Terry Clark, Councilmember Sharon McGinness, and Councilmember George Elmore.

Councilmember Gary Rainbolt was absent.

City Manager Bradly Eilts, and City Clerk Kara Rath were also present.

Visitors

Ralph Streit, Greg Wright, Cris Naegele, Randy Parker

Pledge of Allegiance

Contract with Midwest Energy and Energy Rate Adjustment

Greg Wright with EMG and Ralph Streit has been working on a new contract with Midwest Energy. The overall electric supply market is very different than it was five years ago when the City of Larned signed a contract with Midwest Energy. It is a better market with options to reduce the purchased cost of electricity. The contract that they have been working on is fixed-price energy for 10 years at \$24.00 per Megawatt-hour from NextEra through Midwest energy. Greg Wright's suggestion is to purchase three megawatts of the fixed price energy agreement with Midwest Energy for ten years at \$24.00 per megawatt-hour.

Discussion took place on how many megawatts to purchase; Greg used graphics to demonstrate the effects of more or less power purchased and the cost savings. Council will also consider at a later date a 5X16 product that covers peak hours.

Greg explained that by purchasing this fixed price energy our fuel cost that is billed through Midwest Energy will be lowered, in turn that lowers the cost of the electric bill for customers.

On a motion by Councilmember Jason Murray to approve the Contract with Midwest Energy to purchase three megawatts of the fixed-price energy for 10 years at \$24.00 per Megawatt-hour. Councilmember George Elmore seconded.

Motion Passed.

Construction Bids for Substation Upgrades

On February 18th, bids for construction associated with the Power Plant #1 Substation upgrades were opened and subsequently reviewed by City Personnel and Cris Naegele, Utility HelpNet.

UHN sent bid documents to five potential bidders, we received bids from two. Both of the bids received met required specifications. Electricomm, Inc. came in with the lowest bid of \$210,032.19 and have agreed to the contract that the work will be substantially completed on or before June 15th, 2019 and will be completed and ready for final payment by July, 15th 2019. They have a projected start date no later than March 15th, 2019.

UHN will provide construction engineering services during the construction phase of the project. The UHN contract is for the materials and labor for installation of the remote controls and SCADA integration to the rebuilt substation and design portion of this work is included in their existing contract. The construction work scope is separated into the sales taxable construction vs. the non-taxable Engineering.

The original total project cost for the upgrade was \$800,000. Based on the cost of materials and construction being less than the original estimates, the projected cost has been reduced to around \$625,000.

UHN will give City Manager Brad Eilts a weekly update that he will pass on to Council. UHN also plans to be at the jobsite part of each day to monitor the construction.

Councilmember Kim Barnes motioned to approve the construction bid from Electricomm, Inc. for \$210,032.19, Councilmember Sharon McGinness seconded.

Motion Passed.

Councilmember Kim Barnes motioned to approve Utility HelpNet for \$79,025 for the upgrades to the Power Plant #1 Substation. Sharon McGinness seconded.

Motion Passed.



City Clerk



Mayor, William Nusser