

RESOLUTION NO. 2014-264

A RESOLUTION AWARDED A CONTRACT TO FELLON McCORD, LOUISVILLE, KY, FOR NATURAL GAS MANAGEMENT SERVICES FOR THE VINELAND MUNICIPAL ELECTRIC UTILITY.

WHEREAS, the City of Vineland has heretofore advertised for proposals for Natural Gas Management Services for the Vineland Municipal Electric Utility; and

WHEREAS, one proposal was received by the Purchasing Agent and referred to the Vineland Municipal Electric Utility for evaluation and recommendation; and

WHEREAS, the Director of Municipal Utilities has recommended that a contract for Natural Gas Management Services be awarded to Fellon McCord, Louisville, KY, based upon the proposal received, pursuant to a fair and open process; and

WHEREAS, this contract is awarded in an amount of \$28,000.00 for specified services, for the contract period June 24, 2014 to June 24, 2015 with option for an additional year; and

WHEREAS, the availability of funds for said Contract to be awarded herein have been certified by the City Comptroller; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vineland that said contract to provide for Natural Gas Management Services for the Vineland Municipal Electric Utility, be awarded to Fellon McCord, Louisville, KY, based upon the proposal received, pursuant to a fair and open process, in the amount of \$28,000.00 for the contract period June 24, 2014 to June 24, 2015 with option for an additional year.

Adopted:

President of Council

ATTEST:

City Clerk

**REQUEST FOR RESOLUTION FOR CONTRACT AWARDS
UNDER 40A:11-5 EXCEPTIONS
(PROFESSIONAL SERVICES, EUS, SOFTWARE MAINTENANCE, ETC)**



5/30/2014
(DATE)

1. Service (detailed description): Natural Gas Management Services (Unit 11 & Clayville fuel procurement management)

2. Amount to be Awarded: \$ 28,000

- Encumber Total Award
- Encumber by Supplemental Release

3. Amount Budgeted: \$ 28,000

4. Budgeted: By Ordinance No. _____
Or Grant: Title & Year _____

5. **Account Number to be Charged: 002-0-54-90-9006-2-7023416 E923

6. Contract Period: 6/24/2014 - 6/24/2015 (w/One Year Extension Option)

7. Date To Be Awarded: 6/24/2014

8. Recommended Vendor and Address: Fellon McCord
10200 Forest Green Blvd. Louisville, KY

9. Justification for Vendor Recommendation:(attach additional information for Council review)
Low Bid

- Non-Fair & Open (Pay-to-Play documents required)
- Fair & Open: How was RFP advertised? _____

10. Evaluation Performed by: Steve August SMA 5/30/2014 Jim 5/30/14

11. Approved by: [Signature]
[Signature]

12. Attachments:
 Awarding Proposal
 Other: _____

- Send copies to:
Purchasing Division
Business Administration

** If more than one account #, provide break down

Proposal for Services

Vineland Municipal Electrical Utility

Proposal Natural Gas Management Services

PROPRIETARY AND CONFIDENTIAL

May 28, 2014



FellonMcCord
Knowledge in Energy

10200 Forest Green Blvd, Suite 601 Louisville, KY 40223

Phone: 502.214.9400 | Fax: 502.357.0502

www.FellonMcCord.com



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FACILITIES

The facilities listed below are included in the proposed services as described in Sections 1.0, 2.0 and 3.0.

1. Vineland, NJ



SCOPE OF SERVICES

1.0 NATURAL GAS MANAGEMENT SERVICES

1.01 Natural Gas Supply Procurement:

- a) Monitor and evaluate options for making forward commitments including basis, fixed price, index or tariff.
- b) Identify and evaluate qualified natural gas suppliers by market area.
- c) Develop Request(s) for Proposal (RFP) and/or solicit bids for natural gas supply from qualified suppliers.
- d) Assist in supplier contract negotiation based on Vineland Municipal Utility's needs.
- e) Provide recommendation to Vineland Municipal Utility based on most reliable, contractually favorable and/or low cost supply.
- f) Execute physical positions on Vineland Municipal Utility's behalf.

1.02 Natural Gas Tactical Management:

- a) Review all gas utility rates that Vineland Municipal Utility is qualified for and recommend best rate.
- b) Evaluate, at a high level, sales tax exemption opportunities and advise if additional projects should be pursued to obtain exempt status.
- c) Maintain open communication with facility personnel regarding current and future usage.
- d) Assist in determining volumes for monthly and intra-month nominations using historical consumption data and information provided by Vineland Municipal Utility.
- e) Evaluate and recommend appropriate action during restrictions or other curtailment orders.
- f) Manage purchase and sales decisions at the LDC/tariff level including, but not limited to storage and cash-outs.
- g) Develop budgets with usage information provided by Vineland Municipal Utility.
- h) Monitor cash markets on a monthly basis and advise about possible cost reduction/spot purchase opportunities.



1.03 Natural Gas Risk Management:

- a) Collaborate with Vineland Municipal Utility in the formulation or review of a risk management charter.
- b) Provide Vineland Municipal Utility, through the Fellon-McCord Market Update®, topical and summary analyses of the key determinants affecting gas markets and futures pricing including recommended purchasing strategies based upon the specific needs and risk tolerance of Vineland Municipal Utility.
- c) Conduct regular energy market conference calls with Vineland Municipal Utility.
- d) Execute financial positions on Vineland Municipal Utility's behalf.

1.04 Natural Gas Regulatory/Legislative Services:

- a) Regularly monitor current and proposed regulatory/legislative changes to federal, state, and local natural gas policies, procedures, and occurrences.
- b) Develop modified or new integrated supply plan(s) in response to regulatory/legislative changes in local, state or federal laws which may affect the markets associated with the physical and financial supply, transportation, storage and/or distribution of natural gas to any covered Vineland Municipal Utility facility.
- c) Analyze and report on potential risk and cost impact of regulatory/legislative changes where applicable.

1.05 Natural Gas Market Intelligence:

- a) Compile and analyze natural gas data from a host of proprietary and public sources.
- b) Offer periodic natural gas intelligence seminars.
- c) Publish certain natural gas reports and other informational compilations.

1.06 Natural Gas Reports:

Name	Description	Frequency
Tariff Rate Analysis	Compares tariff rate options and analyzes the best rate considering cost, usage and market area.	Annually
Market Position Report	Tracks hedged and/or fixed price purchased gas against the open market, allowing the client to identify market opportunities and risks.	Monthly
Daily Facility Operations Report	Detailed report per facility captures usage, delivery and storage information and the associated commodity, utility and pipeline costs to flow gas to the facility's burner tip.	Daily
Executive Performance Report	Details savings achieved including, but not limited to, resolved invoice errors, cost reductions from switching tariff rates, and savings from capital investments.	Updated as Savings are Achieved
Natural Gas Budget	Provides estimated cost information using forecasted usage and projected utility, commodity and pipeline charges.	Annually

2.0 NATURAL GAS ASSET/ACTIVE MANAGEMENT SERVICES

2.01 Natural Gas Pipeline Transportation Management:

- a) As applicable, evaluate and make recommendations regarding potential pipeline capacity opportunities and review existing pipeline capacity agreements to make sure they meet the requirements of the current gas purchasing strategy.
- b) As applicable, evaluate and propose changes to intra-state and inter-state pipeline transportation arrangements.
- c) Manage daily activities at the pipeline level, including coordinating with Vineland Municipal Utility and scheduling agent to confirm appropriate volumes.
- d) As applicable, evaluate and recommend strategies for capacity release.

2.02 Natural Gas Daily Purchases Management:

- a) Monitor cash markets on a daily basis to determine and act upon cost reduction/spot purchase opportunities.
- b) Monitor usage and deliveries to mitigate imbalance charges.
- c) Maintain daily communication with facility personnel regarding current day and next day usage.
- d) Assist in determining volumes for daily and intra-day nominations.

2.03 Natural Gas Storage Management:

- a) As applicable, evaluate and make recommendations regarding potential storage opportunities and review existing storage agreements to make sure they meet the requirements of the current storage strategy.
- b) Create storage strategy including but not limited to injection/withdrawal schedule and physical and financial purchasing recommendations, making sure to abide by LDC/pipeline guidelines.

2.04 Natural Gas Asset Reports:

Name	Description	Frequency
Natural Gas Summary - Assets	Detailed report per facility capturing usage, delivery and storage information and the associated commodity, utility and pipeline costs to flow gas to the facility's burner tip. Asset Portion - Including reporting of supply, balancing, transportation and LDC detail.	Monthly
Natural Gas Budget - Assets	Provides estimated cost information using forecasted usage and projected utility, commodity and pipeline charges. Asset Portion - with storage tracking and cost.	Annually

3.0 FELLON-MCCORD ENERGY PUBLICATIONS

Publication	Description	Frequency
Monthly Energy Intelligence [®]	Monthly publication prepared that provides data and discussion regarding the prior month's energy market fundamentals, as well as commentary on pertinent market issues.	Monthly
Daily Pricing Report	Provides information on market settlement prices, or closing values by contract month and for specific periods of time (winter, summer, annual averages). Issued each business day.	Daily
Weekly Market Summary	Published at the end of every week and provides data and discussion surrounding the week's pertinent market developments, including NYMEX pricing, inventory data, weather, and alternative fuel pricing.	Weekly
Natural Gas Storage Report	The Energy Information Administration (EIA) reports natural gas storage inventory data on a weekly basis (typically on Thursdays). Fellon-McCord's Natural Gas Storage Report is released immediately following the publication of EIA data, summarizing relevant information from the EIA report and providing observations on the market response.	Weekly
Natural Gas Outlook [®]	Provides a forecast of monthly natural gas settlement prices and in-depth discussion of all relevant factors impacting the supply and demand of natural gas in the near to medium term (1-18 months). It is published as Fellon-McCord's price forecast changes.	As Issued
Regulatory Update [®]	Provides timely analysis of key regulatory and legislative developments affecting the price and/or reliability of energy. It is published as warranted by regulatory and legislative events at the federal, state, and local level.	As Issued
Federal Regulatory Review [®]	Provides updates on regulatory and legislative developments affecting U.S. energy markets.	Bi-Monthly
Market Update [®]	Provides specific purchase recommendations regarding financial hedging, along with up-to-date analysis of the key factors that affect the natural gas market and futures pricing. It is published as market conditions warrant.	As Issued



Petroleum Inventory Report	The Energy Information Administration (EIA) releases data on U.S. petroleum inventories on a weekly basis (typically on Wednesdays). Fellon-McCord's Petroleum Inventory Report is published immediately following the release of EIA data, summarizing relevant information from the EIA report and providing observations on the market response.	Weekly
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The publications listed in this exhibit reflect those available at the time of contract execution. Due to potential changes in scope and content, names and availability of publications are subject to change.

FEE SCHEDULE

The fixed monthly fees for a 1 year term performing the services outlined in Sections 1.0, 2.0 and 3.0 of the proposal are as follows:

Month	Energy Management
January	\$1,500.00
February	\$1,500.00
March	\$1,500.00
April	\$1,500.00
May	\$3,500.00
June	\$3,500.00
July	\$3,500.00
August	\$3,500.00
September	\$3,500.00
October	\$1,500.00
November	\$1,500.00
December	\$1,500.00

Fees are payable on the first day of the month.

This proposal shall remain firm and effective through **July 28, 2014** at which time it shall expire. This proposal may be extended at the sole discretion of Fellon-McCord at the request of Vineland Municipal Electric Utility for an additional agreed to time period.