



# Memo

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City Manager's Office

**TO:** Mayor & City Council

**FROM:** Sheila Lundt, Assistant City Manager *Sheila*

**DATE:** October 30, 2008

**SUBJECT:** Coal Delivery & Handling Services

In July of 2008, the City of Ames issued a Request for Proposal (RFP) for "Coal Supply, Movement, and Delivery for the Electric Services Department." Proposals were received from three different coal companies, and two coal handling delivery services.

The staff has spent the last two months evaluating the various combinations of coal sources and delivery options to determine the most advantageous option for the City.

On November 6, the staff will be asking for City Council's authorization to enter into negotiations with Central Iowa Terminal for coal delivery and handling services. Due to the timing of the Council meeting, the Council Action Form will not be available for the Friday packet, but will be forwarded to you by Monday afternoon, November 3.

The current coal contract/delivery contract expires on December 31, 2009. With the recent volatility in the various commodity markets, staff feels that it is to the City's advantage to be locking down coal purchase terms and the necessary handling and delivery services, well in advance of that date.

**The action being requested on November 6 is for authorization to negotiate delivery and handling services only at this time. The actual coal purchase arrangements will be discussed with you at a later date.**