



Legislation Text

File #: 17-0188, **Version:** 1

MOTION TO APPROVE A CONSTRUCTION DEPOSIT AGREEMENT WITH THE PEOPLES GAS SYSTEM FOR THE INSTALLATION OF A 1,800 FOOT GAS LINE EXTENSION TO SERVICE THE PUBLIC SERVICES FACILITY AND THE RELATED SERVICE AGREEMENT WITH PEOPLES GAS SYSTEM FOR A TOTAL COST OF \$47,827, WHICH INCLUDES A CONSTRUCTION DEPOSIT OF \$47,752 AND A TURN-ON CHARGE OF \$75.

SUMMARY EXPLANATION AND BACKGROUND:

1. On June 1, 2016, the City Commission authorized the purchase of Generac emergency backup generators for the Public Services Facility.
2. The Generac emergency backup generator runs on a bi-fuel engine. The diesel engine is equipped with a metering system that feeds natural gas into the incoming air supply. The standard diesel injection system is used and the injector sprays diesel fuel into the cylinder at the correct time. The diesel fuel ignites and thus ignites the natural gas charge. Total power is derived from a combination of natural gas and diesel. The ratio of natural gas to diesel fuel is a function of several factors, including load and intake air temperature. The higher thermal efficiency of diesel engines and the lower cost of natural gas, along with low emission levels, combine to make the bi-fuel engine a very economical choice.
3. Peoples Gas System has agreed to construct a gas line extension to the Public Services Facility. The City is required to pay a \$47,752 deposit towards the construction. The gas line extension shall remain the property of Peoples Gas. There is a \$75 turn-on charge, which is separate from the \$47,752 construction deposit payment, and will be charged at a later time.
4. At the end of four years, if additional customers tap into the newly constructed extension, the City may be entitled to a refund of some or all of the deposit amount depending on the number of customers and whether or not additional extensions will need to be constructed. After the four year period, any remaining deposit will become the property of Peoples Gas.
5. Recommend Commission approve the construction deposit agreement with The Peoples Gas System for the installation of a 1,800 foot gas line extension to service the Public Services Facility, along with the related service agreement with Peoples Gas System for a total cost of \$47,827, which includes a construction deposit of \$47,752 and a turn on charge of \$75.

FINANCIAL IMPACT DETAIL:

- a) **Initial Cost:** \$47,752 for the construction deposit. (A \$75 turn-on charge that will be charged at a later time).
- b) **Amount budgeted for this item in Account No:**
\$23,914 is currently budgeted for this project in account # 471-536-6010-46150 R & M Land, Building

and Improvements

\$23,914 is currently budgeted for this project in account # 1-519-6001-46150 R & M Land, Building and Improvements

c) Source of funding for difference, if not fully budgeted: Not Applicable.

d) 5 year projection of the operational cost of the project: The cost of the gas to be consumed as part of the operation of the generators at the Public Services Facility cannot be determined at this time.

e) Detail of additional staff requirements: Not Applicable.