



Corporate Services Commission
Procurement Services Department
info@newmarket.ca

May 7, 2015

**JOINT REPORT DEVELOPMENT AND INFRASTRUCTURE – PUBLIC WORKS AND
CORPORATE SERVICES COMMISSION – PROCUREMENT SERVICES DEPARTMENT
REPORT 2015-12**

TO: Committee of the Whole
SUBJECT: Natural Gas
ORIGIN: Manager, Facility Services and Manager, Procurement Services

RECOMMENDATIONS

THAT Joint Development and Infrastructure – Public Works Service and Corporate Services Commission Report – Procurement Services Report 2015-12, dated May 7, 2015 regarding Natural Gas Consulting and Supply Agreement be received and the following recommendation(s) be adopted:

- 1. THAT the Director, Public Works Services be authorized to enter into contract with and retain Blackstone Energy Services, at a cost of approximately \$ 800.00 per month plus H.S.T until July 22, 2017 with the option to extend for one – two (2) year period, as the Town's Contract Agent for the purchase of Natural Gas**
- 2. AND THAT the Director, Public Works Services be authorized to enter into Natural Gas Supply agreements with the Royal Bank of Canada, Shell Energy North America (Canada) Inc. and any other Natural Gas Supplier, where it is in the best interest of the Town of Newmarket, provided the supplier has an equal to or better credit rating, in accordance with the Hedging Policy;**
- 3. AND THAT Director, Public Works Services shall report back to Council at least once each fiscal year, in accordance with the Hedging policy with respect to any and all commodity price agreements in place.**

COMMENTS

Newmarket Council at its meeting, Monday April 14, 2008 adopted the Policy and Goals relating to the use of commodity price hedging agreements to address commodity pricing and costs. See Joint Community Services –PWES Report 2008-22 attached.

Appendix "A", item ii h) of the Hedging policy states that the approval of both the Commissioner, Community Service (now Commissioner, Development and Infrastructure Services) and Council

Newmarket's vision: A community well beyond the ordinary

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are required for staff to enter into Agency Agreements and/or other contracts and/or arrangements with Contract agents and/or electric or natural gas distribution utilities for the purpose of purchasing, securing and/or delivery of energy supply or commodities in accordance with this policy.

The Director, Public Works Services has already approved, in accordance with his authority under the Hedging Agreement, retaining the services of a Blackstone Energy Services, as the Town's Natural Gas "Contract Consultant", as a result of a competitively public bid through the Ontario Education Collaborative Marketplace (a cooperative of Ontario Universities and Colleges). Item 13.8 Cooperative Purchasing, of Newmarket's Procurement bylaw allows the Town to participate in cooperative purchasing, wherever it is in the best interest of the Town. However, Council approval is required to retain Blackstone Energy as our "Contract Agent" for natural gas, in accordance with item d) of the Hedging Policy.

In addition, staff is requesting Council approval to enter into contracts with both Royal Bank of Canada and Shell Energy North America (Canada) Inc, as recommended by Blackstone Energy Services. Blackstone anticipates that additional contracts with other providers may be required in the future, therefore staff are also requesting Council provide staff authorization to enter into contracts with other natural gas suppliers, where it is in the best interest of the Town and provided the supplier has an equal to or better credit rating, in accordance with the Hedging Policy. There is no obligation to enter into any purchases when a Base contract is executed and/or for however long it is in place, however having these contracts in place allows staff the flexibility to purchase natural gas immediately based on Blackstone's recommendations.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

Well Equipped and Managed – Efficient management of capital assets and municipal resources.

CONSULTATION

The Senior Solicitor, the Director, Public Works Services and the Director, Financial Services / Treasurer have been consulted on this report.

BUDGET IMPACT

Operating Budget (Current and Future)

Funding for all recommendations is within the Operating Budget.

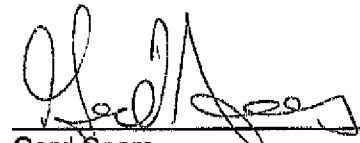
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For more information on this report, contact:



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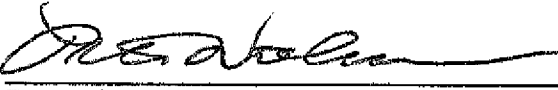
Gord Sears,
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Chris Kalimootoo, BA, P. Eng., MPA, PMP
Director, Public Works Services



Anita Moore
Commissioner, Corporate Services



Peter Noehammer, Commissioner, P.Eng
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