



CITY OF O'FALLON

Finance and Administration

Monday, August 26, 2013

5:30 p.m., Mayor's Conference Room

Finance Committee effective 5/6/13: Mike Bennett (Chair), Jerry Albrecht (Vice-Chair), Gene McCoskey, John Drolet, Harlan Gerrish

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF MINUTES- July 22, 2013 Note: All recently approved committee minutes posted on official City website: <http://www.ofallon.org>
- IV. DISCUSSION/ACTION ITEMS
 - A. Resolution- Municipal Aggregation – Lowest possible bidder
 - B. Adoption of Strategic Plan
- V. OPEN ITEMS (To be discussed time permitting)
 - A. New World System upgrade for Utility billing
- VI. ADJOURNMENT

General Citizen Comments: The City of O'Fallon welcomes comments from our citizens. The Illinois Open Meetings Act provides an opportunity for citizens to speak at all committee and Board meetings. However, 5 ILCS 120/1 mandates that NO action shall be taken on matters not listed on the agenda. Please submit your name to the chairman and limit your comments so that anyone present has the opportunity to speak.



CITY COUNCIL AGENDA ITEMS

To: Mayor and City Council
From: Sandy Evans, Director of Finance
Walter Denton, City Administrator
Date: September 3, 2013
Subject: Resolution Approving the City of O'Fallon to Enter Into a Service Agreement with the Lowest Responsible Bidder for the Supply of Electric

List of committees that have reviewed: Finance and Administration

Background: When the voters of the City of O'Fallon passed a referendum on November 6, 2012 allowing the City to aggregate the purchase of their electric supply, the City entered into a service agreement with the lowest responsible bidder, which was Homefield Energy. With the approaching expiration of electric aggregation contracts in June 2014 for all 108 communities representing 400,000 households, our consultants, Good Energy, feel that with the recent market movement, combined with regulatory analysis, tariff rate forecasts and other specific industry factors, that there is significant purchasing opportunity in the short term. Therefore, they want to go out for bid solicitations in September. This again will be an opt-out program, whereby the residents will be mailed notification (probably in April) prior to the expiration of the June contract and will have an opportunity to opt-out. If residents do nothing, they will be in the program. Since electricity is traded as a commodity and the pricing at bid opening will be valid for a period roughly equal to sixty minutes, it makes it necessary to authorize a representative of the City of O'Fallon to act promptly to execute a service agreement; provided, however, that the energy price paid per kilowatt hour pursuant to the agreement is less than the default rate currently in effect, resulting in savings for the City's residential and small commercial retail customers.

Legal Considerations, if any: Original ordinance reviewed by Legal Counsel.

Budget Impact: None for City, however approximately \$160 year savings for resident.

Staff recommendation: Recommend approval

**CITY OF O'FALLON, ILLINOIS
RESOLUTION 2013 -**

**A RESOLUTION AUTHORIZING EXECUTION OF A SERVICE AGREEMENT WITH
THE LOWEST RESPONSIBLE BIDDER FOR THE SUPPLY OF ELECTRICITY FOR
RESIDENTIAL AND SMALL COMMERCIAL RETAIL CUSTOMERS WHO DO NOT
OPT OUT OF SUCH A PROGRAM**

(Electric Aggregation)

WHEREAS, Section 1-92 of the Illinois Power Agency Act, 20 ILCS 3855/1- 92, permits a municipality, if authorized by referendum, to adopt an ordinance by which it may operate a program to solicit bids and enter into service agreements for the sale and purchase of electricity and related services and equipment to residential and small commercial customers who do not opt-out of such a program; and

WHEREAS, the City of O'Fallon ("City"), in a referendum held on November 6, 2012, submitted the public question of whether it should operate the program as an opt-out program; and

WHEREAS, the referendum passed by a majority vote of the qualified electors voting on the question; and

WHEREAS, the City Council finds that the best interests of the City are served by entering into an agreement with the lowest responsible bidder, pursuant to 20 ILCS 3855/1-92, to aggregate the residential and small commercial retail electric loads located within the City and to arrange for competitive electric supply to the retail electrical accounts which do not opt out of said program; and

WHEREAS, because electricity is a commodity for which supply bids typically are submitted and expire the same day, the City must act promptly to accept and execute any such desired bid in order to contractually guarantee a per kilowatt hour electric rate for its residential and small commercial customers; and

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL,
OF THE CITY OF O'FALLON, ST. CLAIR COUNTY, ILLINOIS AS FOLLOWS:**

