

VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION  
For Inclusion on Board Agenda

  X   Resolution or Ordinance (Blue)            *Waiver of First Requested*  
           Recommendations of Boards, Commissions & Committees (Green)  
           Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott R. Niehaus, Village Manager

DATE: January 13, 2016 (COW)(B of T) January 21, 2016

TITLE: Natural Gas Franchise Ordinance

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

In 2009, the Village elected to participate in a consortium of approximately 40 municipalities to negotiate a franchise agreement with Nicor Gas. The purpose of this consortium was to negotiate a modern day franchise agreement, while also limiting the costs of attorneys fees. The existing franchise agreement is from 40 years ago. A memo from Holland & Knight, the attorneys for the consortium, is attached and summarizes the main points of the agreement. Also attached is the natural gas franchise ordinance. Two partners from the Village Attorney's firm have also reviewed this agreement, and have no major substantive comments.

Lombard paid \$9,512.69 as assessments to the consortium to cover legal expenses. As part of the new agreement, Nicor has agreed to a one-time renewal payment for those municipalities that participated as part of the consortium. This payment from Nicor is expected to be approximately \$37,400, which far exceeds the cost of participating in the consortium. In addition, the consortium negotiated a 20% increase in the amount of free natural gas that the Village receives annually (or the equivalent cash payment). At the current natural gas prices, this is estimated to be an annual benefit of approximately \$12,500.

Staff is recommending that the Village Board approve the attached ordinance.

Review (as necessary):

Village Attorney X	_____	Date	_____
Finance Director X	<i>Timothy Sexton</i>	Date	<i>1/13/16</i>
Village Manager X	<i>Scott Niehaus</i>	Date	<i>1-13-16</i>

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.