

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 Niehaus, Village Manager

DATE: May 13, 2019 (COW)(B of T) May 16, 2019

TITLE: A RESOLUTION AUTHORIZING THE NORTHERN ILLINOIS
MUNICIPAL ELECTRIC COOPERATIVE (NIMEC) TO SERVE AS THE
BROKER FOR THE VILLAGE IN REGARD TO OBTAINING BIDS
FROM ELECTRICITY PROVIDERS AND AUTHORIZING THE
VILLAGE MANAGER OR DIRECTOR OF FINANCE TO APPROVE A
CONTRACT WITH THE LOWEST COST ELECTRICITY PROVIDER

SUBMITTED BY: Timothy Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

A staff report on this matter is attached.

Staff is recommending that the Village Board approve NIMEC as the Village's broker to seek electricity bids for street lighting and authorization to allow the Village Manager or Director of Finance to execute a contract with the successful energy supplier upon receipt of the bids by NIMEC. Such contracts would be brought to the Village Board at the next available meeting for ratification.

Review (as necessary):

Village Attorney X	_____	Date	_____
Finance Director X	_____	Date	_____
Village Manager X	_____	Date	_____

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.



To: Scott Niehaus
Village Manager

From: Timothy Sexton
Director of Finance

Date: May 13, 2019

Subject: Provision of Electrical Energy for Street Lighting

As a result of the deregulation that took place in Illinois on January 2, 2007 for electricity, electricity is now purchased based on market price and Exelon, the parent company of ComEd, no longer is the sole supplier of electricity in Northern Illinois. This has resulted in new electricity suppliers being able to compete against Exelon and as a result, competitive forces now dictate the price of electricity. ComEd had prices fixed for the nine years prior to the end deregulation on January 2, 2007 by the Illinois Commerce Commission (ICC).

Lombard has worked with the Northern Illinois Municipal Electric Cooperative (NIMEC) since 2007 to purchase power for water pumping operations and street lighting. We have had a favorable relationship with NIMEC, as we have enjoyed substantial savings by purchasing power through NIMEC.

NIMEC previously bid out the Village's medium street lighting accounts for the period of July 2018 through July 2021. This account makes up about half of all of the Village's street lighting electricity. The rest of the street lighting electricity is under contract for the period of July 2016 – July 2019. This current bid is for beyond July 2019. It is anticipated that costs in this next bid will be about flat to our current prices.

We will receive the bids in the morning of sometime in late May and early June, when a bid date is established. Staff will review the bids with NIMEC. Because of the way the bidding process works, the Village Manager or Director of Finance will need to have the authority to sign a contract with the lowest cost electricity provider within hours of the bids being received by NIMEC. Therefore, staff is recommending that the Village Board approve NIMEC as the Village's broker to seek electricity bids for street lighting for up to a three year period. The resolution attached for Village Board consideration directs the Village Manager to engage the services of NIMEC and provides Village Board authorization to allow the Village Manager or Director of Finance to execute a contract with the successful energy supplier upon receipt of the bids by NIMEC. Such contracts would be brought to the Village Board at the next available meeting for ratification. Therefore, I request that this resolution be placed on the May 16, 2019 Village Board of Trustees meeting for approval.

RESOLUTION _____-19

**A RESOLUTION AUTHORIZING THE
NORTHERN ILLINOIS MUNICIPAL ELECTRIC COOPERATIVE (NIMEC)
TO SERVE AS THE BROKER FOR THE VILLAGE IN REGARD TO
OBTAINING BIDS FROM ELECTRICITY PROVIDERS AND AUTHORIZING
THE VILLAGE MANAGER OR DIRECTOR OF FINANCE TO APPROVE
A CONTRACT WITH THE LOWEST COST ELECTRICITY PROVIDER**

WHEREAS, the President and Board of Trustees find as follows:

A. The Village of Lombard has previously joined the Northern Illinois Municipal Collaborative (NIMEC) for the purpose of procuring electricity through a cooperative pool in order to receive a more competitive bid price on electricity. NIMEC's membership consists of 125 northern Illinois municipalities. NIMEC combines the collective usage of its member and leverages the combined usage with suppliers to negotiate pricing lower than what individual members could negotiate on their own;

B. The Village through its participation in the NIMEC bid process has previously entered into contracts with the lowest bidder for electricity for the Village's street light facilities. NIMEC also manages our municipal aggregation program;

C. Commonwealth Edison no longer offers a fixed rate for Medium and Large sized street light accounts. ComEd prices Medium and Large street light accounts on a floating market rate that changes every hour, based upon market conditions. No one is able to predict those rates will be over the following 12 months, as they are dependent upon weather, usage and other market factors. Fixed rates are only available from suppliers other than ComEd;

D. Commonwealth Edison does offer fixed rates on Small sized street light accounts. NIMEC will price out Small accounts and compare to ComEd's fixed rate. NIMEC will move the Village's Small accounts to the lower of NIMEC's price or ComEd's.

E. Because of the way the bidding process works, the Village Manager or the Director of Finance will need to have the authority to sign a contract with the electricity provider which is deemed most favorable for the Village within hours of the bids being received by NIMEC, and determine if the desired contract should be for a one-year term or a two-year term;

F. During 2018, the Village spent just over \$446,000 on electricity, with just over 40% of the total being in regard to street lighting; and

WHEREAS, it is in the best interest of the Village to use NIMEC as its electricity supply broker;

NOW, THEREFORE, BE IT RESOLVED, by the President and Board of Trustees of the Village of Lombard, DuPage County, Illinois, that the Northern Illinois Municipal Electric Cooperative (NIMEC) is hereby appointed as the Village's broker for purposes of obtaining a supply of electricity for the Village's municipal needs for street lighting, and Village Staff is hereby directed to take all actions necessary to establish said broker relationship.

BE IT FURTHER RESOLVED that, in light of the time constraints applicable to the acceptance of a competitive bid for a supply of electricity, once the bids are received by NIMEC, the Village Manager or Director of Finance is hereby authorized to sign the contract with the lowest bidder, with Village Staff being hereby directed to place said contract on the first available Village Board meeting following the execution thereof by the Village Manager or Director of Finance, for ratification by the President and Board of Trustees.

ADOPTED this 16th day of May, 2019, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this _____ day of May, 2019.

Keith Giagnorio, Village President

ATTEST:

Sharon Kuderna, Village Clerk