

Wednesday, prior to the Agenda Distribution.

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

Review (as necessary):	Village Attorney X	_____	Date	_____
	Finance Director X	<i>[Signature]</i>	Date	5/8/08
	Village Manager X	<i>[Signature]</i>	Date	5/8/08

A staff report on this matter is attached.

BACKGROUND/POLICY IMPLICATIONS:

SUBMITTED BY: Timothy Sexton, Director of Finance

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 ASSISTANT VILLAGE MANAGER TO APPROVE A CONTRACT WITH THE LOWEST COST ELECTRICITY PROVIDER

DATE: May 8, 2008 (COW)(B of T) May 15, 2008

FROM: William T. Lichter, Village Manager

TO: PRESIDENT AND BOARD OF TRUSTEES

Resolution or Ordinance (Blue) _____
 Recommendations of Boards, Commissions & Committees (Green) _____
 Other Business (Pink) _____

Waiver of First Requested

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

680307



To: William T. Lichter
Village Manager

From: Timothy Sexton
Director of Finance

Date: May 8, 2008

Subject: Resolution Regarding Village Participation in Northern Illinois Municipal Electric Cooperative (NIMEC)

On January 2, 2007, the State of Illinois implemented a plan to deregulate Commonwealth Edison. Under this plan, ComEd no longer generates electricity for its customers but continues to provide power through its distribution system. Currently, approximately 25% of each ComEd bill is for distribution services with the remaining 75% going towards the cost of electricity. In FYE 2007 the Village of Lombard spent just over \$360,000 on electricity with over 46% of the total for street lighting.

NIMEC handled the two bids for electricity suppliers for the period of January 2007 through May 2008 and for May 2008 to May 2009, for water pumping and treatment. NIMEC is currently exploring options for electricity for street lighting.

As a result of the deregulation, electricity for street lighting has now moved to hourly rates through ComEd for the largest accounts, of which the Village has two accounts that fall in this category. In two years, all street lighting electricity will be charged at an hourly rate. Due to the volatile nature of electric rates, NIMEC is seeking alternatives where the Village could lock in fixed rates for electricity for street lighting.

The amount of compensation that NIMEC, or any broker, receives is built into the prices bid by the power supplier, so there will be no other direct payments made to NIMEC by the Village. Since the Village first entered into an agreement with NIMEC in September 2006, the cooperative has grown to 110 members, mostly municipalities, with \$20 million of aggregated energy purchases.

Therefore, staff is recommending that the Village Board approve NIMEC as the Village's broker to seek electricity bids for street lighting. Because of the way the bidding process works, the Village Manager (or Assistant Village Manager in his absence) 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. The resolution attached for Village Board consideration directs the Village Manager/Assistant Village Manager to engage the services of NIMEC and provides Village Board authorization to allow the Village Manager/Assistant Village Manager 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.

**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 TO APPROVE
A CONTRACT WITH THE LOWEST COST ELECTRICITY PROVIDER**

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

- A. On January 2, 2007, the State of Illinois implemented a plan to deregulate Commonwealth Edison;
- B. Under the aforementioned deregulation plan, Commonwealth Edison no longer generates electricity for its customers, but continues to provide electric power through its distribution system;
- C. As a result of this deregulation, electricity is purchased based on market price and Exelon, the parent company of Commonwealth Edison, no longer is the sole supplier of electricity in Northern Illinois, resulting in new electricity suppliers competing against Exelon, and competitive market forces dictating the price of electricity;
- D. During fiscal year 2007, the Village spent just over \$360,000 on electricity, with over 46% of the total being in regard to street lighting;
- E. Since Commonwealth Edison had prices fixed for the nine (9) years prior to the end of deregulation on January 2, 2007 by the Illinois Commerce Commission (ICC), the cost of electricity rose approximately 25% in 2007, according to information received from Commonwealth Edison;
- F. Municipalities across the State looked at ways to enter the market to purchase electric power in order to mitigate some of the economic impact of these rising rates, which, on a practical basis, can only be done using a third party who will serve as a broker for the municipalities and has the knowledge and experience to seek bids from the various electricity providers;
- G. In September 2006, Village Staff conducted broker interviews and, based on said interviews, Village Staff recommended, and the Village Board approved, that the Northern Illinois Municipal Electric Cooperative (NIMEC) serve as the Village's broker relative to the acquisition of electrical energy for the period of January 2007 through May 2008, due to NIMEC's more reasonable pricing structure, municipal experience, and the fact that NIMEC is a municipal cooperative which will be pooling the energy needs of members of the cooperative in order to secure more competitive pricing based on higher volumes than can be provided individually to a single municipality;

H. That the cost to join NIMEC was a one time fee of \$100, with the amount of compensation that NIMEC receives, if the Village chooses the NIMEC electricity supplier, being built into the prices bid by the electricity supplier, so there will be no direct payments made to NIMEC by the Village other than the one time fee that was previously paid;

I. That because of the way the bidding process works, the Village Manager or Assistant Village Manager 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; 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, 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 is hereby authorized to sign the contract with the lowest bidder, provided the bid is at a rate that is less than is being offered through Commonwealth Edison, 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, for ratification by the President and Board of Trustees.

ADOPTED this 15th day of May, 2008, pursuant to a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

APPROVED by me this _____ day of May, 2008.

William J. Mueller, Village President

ATTEST:

Brigitte O'Brien, Village Clerk