



## *CITY COUNCIL AGENDA ITEM STAFF REPORT*

<b>MEETING DATE:</b>	March 12, 2018
<b>TITLE:</b>	Resolution Authorizing the Mayor to Enter into Agreements for Electricity Supply with Competitive Suppliers through Affordable Gas and Electric
<b>DEPARTMENT:</b>	Public Works
<b>PROJECT MANAGER:</b>	Troy Turner, City Engineer
<b>REQUESTED ACTION:</b>	Approve Resolution Authorizing the Mayor to Enter into Agreements for Electricity Supply with Competitive Suppliers
<b>STRATEGIC PLAN GOAL(S):</b>	Goal #7: "Financial Stewardship & Sustainability"
<b>ATTACHMENTS:</b>	Resolution

### **EXECUTIVE SUMMARY:**

This resolution allows the Mayor to enter into agreements for electricity supply with competitive suppliers and authorizes Affordable Gas and Electric (AGE) to act as a procurement agent for the City.

### **BACKGROUND & HISTORY:**

This resolution allows the City to procure retail electricity supply services. The City currently purchases electricity from Ameren for the accounts that are being considered, primarily the City's DS-2 accounts. Currently energy rates are at or near an all-time low and are expected to increase in the near future. By procuring retail electricity supply services, the City will be able to secure a lower electricity supply rate.

This resolution authorizes AGE to act as procuring agents for the City and seek competitive pricing for electricity supply services. It also authorizes the Mayor to enter into an agreement with the lowest and best competitive suppliers. Due to market pricing requirements and deadlines the Mayor must be able to execute agreements and other necessary documents on behalf of the City for electricity supply services. If the rates are not agreeable to the City, the Mayor is not required to enter into an agreement.

The procurement process will look at securing a low electricity supply rate until September 2020. The City will entertain the procurement process again when a larger conglomerate of businesses and municipalities aggregate together to purchase electricity supply services in September 2020.

### **STAFF REVIEW & ANALYSIS:**

Staff feels that is in the best interest of the City and its' residents to procure electricity supply rates from competitive suppliers, to reduce the City's electricity supply bills. This will also help budget for electricity expenses.

### **FINANCIAL IMPACT:**

According to preliminary estimates from AGE, the City has the potential of saving upwards of \$20,000 per year. This will also secure the City's electricity supply rate until September 2020.

**ALTERNATIVES:**

Not pursue the procurement process for electricity supply services and continue paying the standard rate through Ameren.

**PROS & CONS:**

This allows the City to evaluate all options that are currently available and potentially save thousands of dollars a year for the City.

The con is that if the electricity supply rate drops, this agreement could create a higher electricity supply cost for the City. This is very unlikely based on current and historical energy indexes.

**RECOMMENDATION:**

Staff recommends approval.

**CONCLUSION:**

This resolution will allow the City to evaluate and enter into an agreement with competitive suppliers for electricity.