

## HOFFMAN ESTATES PARK DISTRICT MEMORANDUM # 17-108

To: A&F Committee  
From: Dean Bostrom, Executive Director  
Craig Talsma, Deputy Director/Director of Admin & Finance  
Date: September 14, 2017  
Re: Utility Contract for Electric Supply

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### **Background**

The District's current fixed electric contract will be expiring at the end of 2017. We have enjoyed a very competitive rate for the last three years under the latest contract of just less than \$.065 per KWh. (this includes the variable costing add on items from the electric supplier).

Currently electric pricing has maintained that average level since 2014 and the District can now lock in at that same pricing level for the next three years. Being able to maintain this favorable rate is extremely helpful in budgeting for District operations. By minimizing utility cost increases and ensuring a steady pricing, utility costs will not affect our current operations.

Staff has utilized the services of McDonnell Energy to gather competitive quotes from the major providers in electric distribution. We have been very happy with their services and utilize them for both our long-term electric and natural gas contracts. The District is allowed to enter into a long-term contract up to three years for utilities.

### **Implications**

The current market conditions have offered an excellent opportunity to secure our utility pricing for the future. Staff is requesting that the board authorize staff to lock into a fixed rate for electricity for a period of three years. Preliminary bid results are showing that we should be able to lock in under the level of \$.065 for the next three years (2018-2020). The actual raw electric cost has actually dropped some over the last three years; however, the ancillary service costs (transmission, distribution, line loss, etc.) have increased an offsetting amount, thereby resulting in the equivalent all in pricing as prior years.

The actual specific low bid amount is only valid for the day it is given. Final rates will be available for Tuesday night's meeting. We anticipate the \$.065 or less all in cost. This rate includes all costs except for ComEd delivery and storage and direct ComEd servicing costs. This is the same as in prior years.

The District has over 30 ComEd accounts. Smaller accounts such as park locations with lights or drinking fountains, etc. remain on ComEd directly as it is not worth changing those over due to minimum account fees from ComEd (also the same practice as in prior years).

### **Recommendation**

Staff recommends that the A&F Committee recommend to the full Board to enter into a fixed rate contract for electricity for a period of three years based on the best available price for the respective supply as obtained from the competitive quotes obtained by McDonnell Energy consultant (final pricing and contracts will be presented at Tuesday night's meeting).