



Legislation Text

File #: 2790-2017, **Version:** 1

BACKGROUND: This legislation authorizes the Director of Finance and Management to negotiate with multiple certified energy suppliers in the State of Ohio for the deregulated electric supply of all City owned facilities on the AEP Ohio distribution system. The legislation also waives provisions of Columbus City Code relating to award of contracts through the Request for Proposal (RFP) process.

The Department of Finance and Management will request proposals from potential energy suppliers and will negotiate energy supply contract terms and conditions with suppliers deemed to have submitted responsive proposals. This process will allow department staff to compare proposals and terms in order to select the best purchase power contract for the City.

The Department of Finance and Management currently has 3 contracts in place for varying kilowatt hours with different expiration dates. Detail of these contracts by Department is provided below:

- Public Utilities - Power; 10,075,000 kWh; December 2017 expiration
- Public Utilities - Sewer and Water; 11,000,000 kWh; April 2018 expiration
- Finance, Public Service, Rec & Parks; 26,000,000 kWh; May 2018 expiration

Based on current contract expiration dates the Department of Finance and Management will need to secure a new contract for the Public Utilities Department for the Division of Power before it expires in December 2017. In addition, depending on market conditions the Department requests the ability to receive bids and negotiate contracts which are expiring in early 2018.

This RFP will solicit pricing options up to 12-months, 17-months, 24-months, or 36-month terms, based on recommendations from its Energy Consultant. The Department may also add a "green power" component to the pricing to support the City's sustainability objectives.

It is the Department's best interest to obtain stable prices in advance and take advantage of favorable energy market conditions. Wholesale electric prices are currently driven in large measure by the price for natural gas. Presently, low natural gas prices and record levels of natural gas in storage have pushed the market down over recent months resulting in ideal conditions for procuring additional electric supply. The current power market environment warrants authorizing the Director of Finance and Management to negotiate contract terms with more than one potential supplier. This ordinance does not require the Director of Finance and Management to execute a contract if the RFP process does not produce pricing/terms and conditions that serve the best interest of the City and its customers.

This ordinance is requested to be an emergency measure to allow contract negotiations to begin at the earliest possible date. Waiver legislation is required to allow the Director of Finance and Management to negotiate with multiple suppliers who have submitted responsive proposals.

FISCAL IMPACT:

There is an expenditure of \$1.00 associated with this ordinance to grant the Director of Finance and Management the authority to enter into a contractual agreement for the purpose of locking down a firm fixed price for the supply of power. Ordinances will be submitted yearly to fund any planned phases of the contract.

To authorize the Director of Finance and Management to negotiate and enter into a contract for contract energy supply; to waive the competitive bidding provisions of Columbus City Code, Chapter 329 relating to award of contracts through the request for proposal process; to authorize the expenditure of \$1.00 from the General Fund; and to declare an emergency. (\$1.00)

WHEREAS, it is necessary to enter into a contract for contract energy supply for the estimated power needs for several Departments prior to the expiration of current contracts which are secured through December 2017, April 2018, and May 2018; and

WHEREAS, in order to secure the best combination of contract terms and pricing it is advisable to negotiate with more than one potential power supplier; and

WHEREAS, it is in the best interest of the City, due to current conditions within the market, to authorize the Director of Finance and Management to negotiate contract terms and enter into a contract with the power supplier deemed to provide the best overall terms and pricing up to 12-months, 17-months, 24-months, or 36-months; and

WHEREAS, it is necessary to waive provisions of the City Code Chapter 329 related to selection using the request for proposal process to allow negotiation with multiple power suppliers; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Finance and Management, in that it is immediately necessary to authorize the Director to negotiate and enter into contracts for energy supply to allow contract negotiations to begin at the earliest possible date, for the immediate preservation of the public health, peace, property and safety, now, therefore;

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Director of Finance and Management is hereby authorized to negotiate and to enter into contracts for the supply of power, with a potential green power option, for multiple City Departments in the amount of one dollar (\$1.00).

SECTION 2. That this Council finds the best interest of the City and its customers is served by waiving, and does hereby waive, the relevant Sections of Chapter 329 of the City Codes concerning awarding contracts through the request for proposal process.

SECTION 3. That this ordinance does not require the Director of Finance and Management to execute a contract if the RFP process does not produce pricing/terms and conditions that serve in the best interest of the City.

SECTION 4. That the expenditure of \$1.00, or so much thereof as may be needed, is hereby authorized from the General Fund per the accounting codes in the attachment to this ordinance.

SECTION 5. That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.