



City of Pflugerville

Legislation Details (With Text)

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Title: Authorizing the City Manager to execute the Third Amendment to Retail Sales Agreement, an interlocal agreement for electric service, between the City of Pflugerville and the General Land Office.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
1/14/2020	1	City Council	Approved	Pass

Authorizing the City Manager to execute the Third Amendment to Retail Sales Agreement, an interlocal agreement for electric service, between the City of Pflugerville and the General Land Office.

The City currently obtains electricity through an Interlocal Agreement with the General Land Office (GLO) that ends in April 2020. This agreement, originally dated January 2014 - April 2017, was extended through April 2020 due to the ability to continue with favorable rates. A second amendment was completed to provide a timely payment discount to the City that was inadvertently omitted from the first amendment. While the price of electric service changes daily, preliminary pricing received from the GLO reflects a rate very similar to the City's current per kWh rate. Securing a rate at this low price point, will help keep our current electric costs manageable as we continue to increase our service needs.

The benefits of an interlocal agreement between the City and the GLO are that the City can take advantage of the GLO's competitive electric rates and abstain from paying gross receipts taxes (GRT) and Public Utility Commission (PUC) assessment fees, which the City would have to pay with other retail providers. Although the Texas Legislature has enacted legislation that ends the GLO's electric program as of December 2023, the City has found this program beneficial and would like to continue the agreement for electric service with the GLO through the end of the program.

The third amendment agreement has been reviewed and approved as to form by the City Attorney. Per the GLO, the Attorney General has opined on several occasions that the GLO interlocal agreement is commercially sensitive and confidential and not subject to public disclosure pursuant to the Open Records Act.

Electric prices are volatile and rates need to be acted on quickly, sometimes within hours. This short time frame necessitates the ability for quick action, which can be accomplished by approval of this item providing the City Manager authorization to execute the extension of the current interlocal

agreement on behalf of the City within the next 30 days and upon meeting a maximum target rate as specified in the agreement amendment.

The final agreement would include the combination of pricing and term length most beneficial to the City, with a term not to exceed 44 months (ending December 2023) and a rate not to exceed the aforementioned target rate. The resulting price for the electricity will be provided to Council.

Deadline for City Council Action

None.

Fiscal Impact

Funding Expected: Revenue ___ Expenditure X N/A ___

Budgeted Item: Yes X No ___ N/A ___

Amount: \$ dependent on market

1295 Form Required? Yes ___ No X

Legal Review Required: N/A ___ Required X Date Completed: January 8, 2020.

Supporting documents attached:

None. The agreement for this item will be provided to the City Council separate from the agenda.

Staff Recommendation

Approve this item authorizing the City Manager to execute the third amendment to the Interlocal Agreement for electric service.