



City of Pflugerville

Legislation Text

File #: RES-0720, **Version:** 1

Approving a resolution authorizing participation in the Texas Association of School Boards (TASB) Energy Cooperative and authorizing the City Manager to execute an Interlocal Participation Agreement and related Electricity Agreement.

The City currently obtains electricity through an Interlocal Agreement with the General Land Office (GLO) that ended on April 30, 2020. This agreement contained an automatic provision for month-to-month service extension in the event service was not transferred prior to that date. Earlier this year, Council authorized the City Manager to extend the agreement on behalf of the City upon achievement of a maximum target rate. Electric prices in the market remained too high during the 30-day timeline and since the specified target rate was not achieved, the agreement extension was not executed.

Electric rates are declining, especially into future years, making a longer term agreement more favorable. Therefore, staff began to review other options for electric service. As a reminder, the Texas Legislature has enacted legislation that ends the GLO's electric program as of December 2023.

The Texas Association of School Boards (TASB) operates an Energy Cooperative (Cooperative) in accordance with Texas Local Government Code 271.101. This Cooperative is open to all local governments and assists members with competitive pricing of energy contracts. Benefits of utilizing the Cooperative agreement for electric services include: no penalty for monthly electric usage variations and flexible account add and delete options. This flexibility is important as the City is expanding water and wastewater utilities and facilities over the term. The Cooperative agreement is effective upon approval and automatically renews for one-year terms on the anniversary date unless terminated by either party.

While electric rates vary daily with market conditions, analysis of the rates offered by the Cooperative have shown to be lower than other options reviewed by the City. Further most rate options offered by the Cooperative have been below the City's current electric rate. Therefore, staff recommends participation in this cooperative to utilize the Energy Services Vendor competitively procured by the Cooperative for the City's electric services.

As electric prices are market driven, rates need to be acted upon quickly, sometimes within hours. This short time frame necessitates the ability for quick action, which can be accomplished by approval of this resolution, authorizing the City Manager to execute agreements on behalf of the City.

The final agreement would include the combination of pricing and term length most beneficial to the City, with a term not to exceed 120 months (ending June 2030) and a rate not to exceed the City's current rate. The resulting price and term for the electricity will be provided to Council upon authorization.

The cost for electricity is allocated to departmental budgets based on the usage of each department's programs and facilities. Preliminary pricing received from the Cooperative indicates reduced electric costs over the term of the agreement, reducing expenditures for both the general and utility funds.

Deadline for City Council Action

Action is requested on May 26, 2020.

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: May 14, 2020

Supporting documents attached:

Resolution

TASB Interlocal Participation Agreement

Recommended Action

Approve this item authorizing participation in the TASB Energy Cooperative and authorizing the City Manager to execute an Interlocal Participation Agreement and related Electricity Agreement.