

**AGENDA
CITY OF SALEM
SPECIAL CITY COUNCIL MEETING
DECEMBER 7, 2015
12:00 P.M.**

- I. **Call to Order**
 - II. **Coty Council Action**
 - 1. Approval of New Rate for Electricity Supply for City Commercial Accounts (not Salem Municipal, Residential Aggregation).
 - III. Adjournment
- Bill Gruen
City Manager
-

**MINUTES
SPECIAL CITY COUNCIL MEETING
DECEMBER 7, 2015
12:00 PM**

- I. **Call to Order**

The Special City Council meeting was convened at 12:00 pm on December 7, 2015 in the Council Chambers of Salem City Hall, and called to order by Mayor Rex Barbee.

Council members present:
Councilman Baity
Councilman Nic Farley
Councilman Craig Morton
Councilwoman Sue Morgan
Mayor Barbee

Council members absent: None.

Others present:
City Manager Bill Gruen
City Clerk Bev Quinn
Members of the Media
Jeff Haarmann, Managing Partner, AGE
Rob Wielt, Sr. Energy Consultant, AGE
- II. **Approval of New Rate for Electricity Supply for City Commercial Accounts (not Salem Municipal, Residential Aggregation)**

City Manager Bill Gruen indicated there had been no expectation that the brokers who solicited prices on the City's behalf would be present, but Jeff Haarmann and Rob Wielt of AGE are present.
(Different providers were solicited by AGE and Good Energy.)

Mr. Gruen indicated that Homefield Energy came in low, and that AGE had looked at prices for both two- and three-year contracts. Mr. Gruen indicated that even through Homefield came in low at 5.375 per kWh, it is still significantly higher than the last contract. Mr. Gruen added that he had indicated to City Council that this would be the case. Homefield's price for Street Lighting is 3.997 through 2017 and 4.022 through 2018.

Jeff Haarmann of AGE indicated they recommend going out for three year. Mr. Haarmann indicated that in April of 2015, there was a capacity auction, which closed at an 800% increase, which caused a 30% increase in Ameren's price, as well as other suppliers. Although the commodity price is extremely low, EPA regulations are causing delivery to cost more than the retail price. In April 2016, it is likely there will be another sizeable increase, and in 2017 EPA regulations will cause yet another increase. Mr. Haarmann indicated he recommends locking in the supply rate for as long as possible.

City Manager Gruen indicated the Wastewater Treatment Plant is the City's largest user, and they budgeted \$80,000 for electricity this year, and it will cost them \$2,560 more than that this year. Mr. Haarmann concurred, and indicated they have to take all the information they have and make an educated purchase. If there is an overall increase of 30% each year, the City will come out well ahead

to renew for 36 months. Haarmann added that all fifty of their municipal customers have renewed for 36 months, and the City must move now to lock this price in.

Mr. Haarmann indicated that the politicians are all questioning the capacity increase in April, but it was done correctly, and the energy representatives knew it was coming. Mr. Haarmann added that Dynergy is closing down its Woodfield plant, and some plants are switching to natural gas. In 2016 and 2017, there will be more green energy requirements.

City Manager Gruen indicated the decision to be made today is does the City want to go with a one – year, two-year or three-year contract. That decision will determine how we move forward.

There was discussion regarding franchise agreements, with Mr. Haarmann indicating that a few years ago, Ameren changed how it does franchises. In the past, cities received a 50-70 percent discount on street lighting, then deregulations occurred, and the franchises were amended so that Ameren issues a check to cities up front.

City Manager Gruen indicated AGE currently handles the Greater Salem Area Chamber of Commerce Aggregation Program, and a portion of their receipts is returned to the Chamber. Mr. Haarmann indicated the City facilities would be rolled into this program, and a portion of their receipts from our supplier will go to the Chamber. Councilman Farley noted that this is the lowest rate, and benefits the Chamber. **Motion was made by Councilman Farley and seconded by Council Baity to approve a three-year electricity contract for both non-street lighting and street lighting accounts (City facilities) with Homefield Energy, through Affordable Gas and Electricity.** Mr. Haarmann added that all supplier contracts state that they can pass through additional costs caused by law changes, but one of the reasons they recommend Homefield is that they have not done so in the past. City Manager Gruen added that we will be locked into this contract, even if Ameren’s prices drop. **Roll call vote: AYES: Councilman Farley, Councilman Morton, Councilwoman Morgan, Councilman Baity, and Mayor Barbee. NAYS: None. Motion carried.** City Manager Gruen indicated this contract will become effective in March, 2016.

III. Adjournment

Motion was made by Councilwoman Morgan and seconded by Councilman Farley to adjourn the special meeting at 12:30 p.m. Roll call vote: AYES: Councilman Baity, Councilman Farley, Councilman Morton, Councilwoman Morgan, Mayor Barbee. NAYS: None. Motion carried.

Bev Quinn, CMC
City Clerk