



## **UTILITIES COMMITTEE MEETING**

**Wednesday, April 1, 2009**

**City Council Chambers**

**5:15 p.m.**

Alderman Sam Cahnman	Chairman
Alderman Gail Simpson	Vice-Chairman
Alderman Steven Dove	Member
Alderman Frank Kunz	Member
Alderman Frank Edwards	Member

### **AGENDA**

- 1. Approval of Wednesday, March 18, 2009 Utilities Committee Minutes**
- 2. Ordinances Tabled or Remaining In Committee**

**2008-337** A Resolution To Abandon The Construction Of Hunter Lake (**Requested By Ald. Edwards**) (**Utilities**) (**Remains In Committee 12/10/08**)

- 3. Ordinances for Committee Consideration**

**2009-141** An Ordinance Approving And Authorizing Execution Of Amendment No. 1 To The Funds Trust Agreement With JPMorgan Chase Bank, N.A., The Midwest Independent Transmission System Operator, Inc. And Trust Beneficiaries (**Requested By Alderman Cahnman**) (**Utilities**)

Description: This ordinance approves and authorizes execution of Amendment No. 1 to a Funds Trust Agreement with JPMorgan Chase Bank, N.A., the Midwest Independent Transmission System Operator, Inc. (MISO) and Trust Beneficiaries on behalf of the City of Springfield Office of Public Utilities' Electric Division Transmission, Distribution and Operations Department.

This Agreement Amendment No. 1 does not significantly alter the original agreement; only minor language to include a reference to the Coordination Agreement is being deleted. Exhibit G of the Agreement is being amended as well to include additional language regarding the timing of wire transfers.

Ordinance No. 99-02-06 approved the original agreement between the parties to include JPMorgan Chase Bank, N.A., as Trustee. The original Funds Trust Agreement formalized the process in which the revenues collected from MISO transmission customers are transferred to MISO transmission owners. The Funds Trust Agreement authorizes a Trustee to collect and

hold in trust certain revenues for the benefit of the transmission owners, as beneficiaries of the Trust. Pursuant to the original agreement and this amendment thereto the City will continue to pay its pro rata share of total Trust Administration expenses, which for the City are nominal, i.e., less than \$500.00 per year.

**2009-142** An Ordinance Authorizing Additional Funding In The Amount Of \$70,000.00 For Additional Maintenance And Repair Of Heavy Equipment For The Dallman Power Plant Complex Under Contract UE09-03-01 With Roland Machinery Company And Altorfer Inc. For A Total Amount Payable Of \$220,000.00 To Said Vendor (**Requested By Alderman Cahnman**) (**Utilities**)

Description: This ordinance authorizes an additional expenditure authorization not to exceed \$70,000.00 under Contract UE09-03-01 with Roland Machinery Company and Altorfer Inc., which approved a one-year unit price contract with each vendor for maintenance and repair of heavy equipment, including three excavators, three wheel loaders, and two crawlers that the Office of Public Utilities' Dallman Power Plant Complex uses in its coal handling operations.

The funds for this contract, the term for which will not expire until April 30, 2009, have been nearly depleted. This additional funding authorization is needed to continue the maintenance and repair of the heavy equipment for the remainder of the contract term due to the equipment being utilized more frequently than anticipated because of the MacArthur Boulevard Ash project.

Per the City Purchasing Agent, a Change Order is not necessary because this action does not alter any of the terms and conditions as previously agreed to by the vendor. Only additional expenditure authorization through this ordinance is necessary.

Criteria for Award: Bid Contract: All Responsible Bidders (**Original Award**)

**2009-143** An Ordinance Authorizing The Execution Of A Letter Offer For Extension, Approving A One-Year Contract Extension And Authorizing Additional Funding In The Amount Of \$350,000.00 Under An Existing Agreement With Norris Lime Service, LLC For The Acceptance And Use Of The Utility's Water Purification Plant's Lime Byproduct For A Total Amount Payable Of \$1,710,000.00 Under Said Agreement (**Requested By Alderman Cahnman**) (**Utilities**)

Description This ordinance authorizes a one-year extension of the Sole Source Agreement for Filter Plant Lime and further authorizes an additional payment not to exceed \$350,000.00 to Norris Lime Service, LLC.

Pursuant to Ordinance No. 320-06-04, this original ordinance approved a five-year agreement with Norris Lime Service, LLC regarding the acceptance and use of the utility's Water Purification Plant lime byproduct. The Office of Public Utilities' Water Purification Plant produces a lime byproduct during the water treatment process that can be spread on farm fields instead of agricultural lime. Norris Lime Service has been providing this service to the utility since 1998.

The current agreement, which expires June 30, 2009, authorized the utility to spend up to \$1,200,000.00 for these services. Ordinance No. 437-07-08 increased the payment

authorization to Norris Lime Service, LLC by \$160,000.00 for additional services and approved an agreement amendment that reduced the City's cost from \$8.00 to \$6.00 per ton for this service. This ordinance will increase the amount payable under the original ordinance by \$350,000.00, bringing the total amount payable to Norris Lime Service, LLC to \$1,710,000.00. This agreement will be extended through June 30, 2010.

Criteria for Award: Sole Source (**Original Award**)

**2009-144** An Ordinance Accepting Bids And Authorizing The Execution Of Contract UE09-01-110 – Electric Construction Services For The Electric Division Transmission, Distribution And Operations Department With Egizii Electric, Inc. In The Amount Of \$165,000.00 (**Requested By Alderman Cahnman**) (**Utilities**)

Description: This ordinance accepts Contract UE09-01-110 with Egizii Electric, Inc. in the amount of \$165,000.00 for electric construction services for the City of Springfield Office of Public Utilities' Electric Division Transmission, Distribution and Operations Department. Contractual services include supervision, tools, equipment and labor that are needed for the construction, repair, servicing and maintenance of the utility's electric transmission and distribution systems to include overhead, underground, substation and traffic.

Work provided under this contract would consist of activities such as trenching, boring, backfilling, installing primary cable, installing direct buried conduit, vault top replacements and setting pole- or pad-mounted transformers. The contract may also include new construction of overhead, underground or substation projects.

This Ordinance covers anticipated annual needs for Fiscal Year 2010. Services to be provided under this contract are not guaranteed and will only be used as necessary. This contract with Egizii Electric, Inc. will be in effect on the date of award and will remain in effect for one year through February 28, 2010, with the potential to extend the contract thereafter with City Council approval.

Criteria for Award: Low Bid

**2009-145** An Ordinance Accepting And Authorizing The Execution Of Quotations With Toshiba International Corporation In The Amount Of \$976,065.90 And Alstom Power, Inc. In The Amount Of \$271,989.00 For The Purchase Of Various Spare Parts For The Dallman Power Plant Unit No. 4 (**Requested By Alderman Cahnman**) (**Utilities**)

Description: This Ordinance accepts and authorizes the execution of two separate quotations, one with Toshiba International Corporation in the amount of \$976,065.90, and the other with Alstom Power, Inc. in the amount of \$271,989.00 for the City of Springfield Office of Public Utilities' Electric Generation Department for the purchase of spare parts for the Dallman Power Plant Unit No. 4.

It is necessary for the utility to establish an inventory of spare parts in order to support the upcoming startup and ongoing operation of the Dallman Power Plant Unit No. 4. In addition, original equipment manufacturer parts are required for the first year of operation in order to comply with the various manufacturers' warranty requirements. This ordinance authorizes the purchase of parts for the turbine, generator, and for the Ljungstrom air preheater.

This ordinance is one of several ordinances required for the purchase of spare parts for Dallman Unit No. 4. The vendors are the original equipment manufacturers for this procurement. This procurement will be funded by 2008 Electric Revenue Bonds.

Criteria for Award: Sole Source

**2009-146** An Ordinance Accepting And Authorizing The Execution Of A Proposal With Applied Power Systems, Inc. In The Amount Of \$54,300.00 For The Purchase Of Sixty (60) Replacement Station Batteries For The Dallman Power Plant Unit No. 33 Uninterruptible Power Supply For The Electric Division Generation Department (**Requested By Alderman Cahnman**) (**Utilities**)

Description: This ordinance approves and authorizes the execution of a Proposal with Applied Power Systems, Inc. for the purchase of 60 replacement Dallman Power Plant Unit No. 33 Uninterruptible Power Supply (UPS) station batteries. The batteries are used to supply the UPS with an emergency power source. The UPS supplies the essential alternating current (AC) voltage source for critical Unit No. 33 equipment, including such equipment as the volt breaker closing, opening and indication and auxiliary switching circuits (switchboard, synchronizing and protective relay circuits). In the event of a loss of AC power, emergency lube oil pumps and seal pumps are supported by these batteries to facilitate lubrication of prime movers so that they do not shut down without lubrication.

The existing batteries, which are over ten years old, have cracked and require replacement due to their condition and excessive age. Applied Power Systems, Inc. will provide batteries compatible with the utility's existing Unit No. 33 UPS. Applied Power Systems, Inc. will assist Electric Generation Department employees with the labor and installation of the new batteries and will remove the existing batteries from the site.

There is an approximate eight- to 10-week lead time for delivery of the equipment. The batteries will be installed upon receipt.

Criteria for Award: Sole Source

**2009-147** An Ordinance Approving Payment To Duke Energy Generation Services Holding Company, Inc. In The Amount Of \$40,000.00 For Legal And Consulting Fees Collected On Behalf Of The Midwest Independent System Operators Transmission Owners Through Fiscal Year 2011 For The Electric Division (**Requested By Alderman Cahnman**) (**Utilities**)

Description: Ordinance No. 356-06-01 authorized the City of Springfield Office of Public Utilities, as a Transmission Owner in the Midwest Independent System Operator (MISO) organization, to enter into an agreement with other MISO Transmission Owners regarding the sharing of costs associated with the MISO. MISO Transmission Owner costs include outside attorneys and consultants used by the MISO Transmission Owners in relation to the operation of the MISO and issues concerning the organization.

There are two external committees under MISO, one of which is a Transmission Owners committee. MISO Transmission Owners must be a member of this subcommittee in order to

have input in the formulation of policies and the settlement of issues affecting them as Transmission Owners.

As one of approximately 26 Transmission Owners in the MISO, the Office of Public Utilities pays its pro rata share of the cost of MISO operations. MISO Transmission Owners make their own Federal Energy Regulatory Commission filings and perform analyses to protect their interest, minimize their costs and maximize their revenues. These legal and consulting fees are allocated between the MISO Transmission Owners based on their size.

Duke Energy Generation Services Holding Company, Inc. presently handles the administration of these fees. This ordinance approves and authorizes payment to Duke Energy Generation Services Holding Company, Inc. for the utility's portion of the MISO legal and consulting fees in an amount not to exceed \$40,000.00 for Fiscal Year 2010 and Fiscal Year 2011.

Criteria for Award: Sole Source

**2009-148** An Ordinance Approving Payment In The Amount Of \$32,500.00 To The North American Electric Reliability Corporation For Fiscal Year 2010 Electric Reliability Organization Fees For The Electric Division Transmission, Distribution And Operations Department (**Requested By Alderman Cahnman**) (**Utilities**)

Description: Under Ordinance 753-11-06 the Springfield City Council authorized the City of Springfield Office of Public Utilities to join a Regional Reliability Organization (RRO) known as the SERC Reliability Corporation (SERC). The RRO is part of the North American Electric Reliability Corporation (NERC), which is comprised of eight Regional Reliability Councils with members from all segments of the electric industry. NERC serves as the headquarters for the various reliability regions in North America.

Pursuant to a Federal Energy Regulatory Commission (FERC) Order, the NERC assesses and collects dues on behalf of all of the RROs under its authority. This ordinance authorizes payment for the utility's anticipated NERC and SERC fees for Fiscal Year 2010 in an amount not to exceed \$32,500.00.

NERC and SERC funding is apportioned based on the pro-rata share of net energy for load served by each load serving entity in North America, including the City of Springfield.

Criteria for Award: Sole Source

**2009-149** An Ordinance Approving And Authorizing The Execution Of A Telecommunications Contract Service Agreement Between The City Of Springfield And Memorial Health System (3220 Atlanta Street) (**Requested By Alderman Cahnman**) (**Utilities**)

Description: This ordinance authorizes the execution of a standard Telecommunications Contract Service Agreement between Memorial Health System and the City of Springfield. Under the agreement, Memorial Health System will be provided with fiber optic connections from its facility located at 701 North First Street to its Express Care Facility located at 3220 Atlanta Street in Springfield. The City's existing fiber optic system and communications infrastructure will be used along with new fiber built into Memorial Health System's facilities

to provide these services. Memorial Health System will pay the City an installation charge of \$2,995.00 plus \$1,495.00 per month for a 100 Mbps (megabits per second) Ethernet connection for the term of the contract.

The initial agreement will take effect upon approval by the City Council and Memorial Health System and remain in effect for a term of three years from the date of the provision of service. Memorial Health System may elect to terminate the contract before the end of the three years, provided it pays the lesser of the following: (1) the remaining monthly charges for the remainder of the contract term, (2) a one time payment of the remaining monthly payments discounted by 6%, or (3) the cost of installation and equipment as calculated by the City and prorated by the number of months remaining in the contract term. At the end of the three-year term, either party may cancel the contract with 90 days notice and unless they do so this contract automatically continues under mutually agreeable terms and conditions.

This contract is entered into pursuant to the City's Contract Service Tariff filed with the Illinois Commerce Commission.

**2009-150** An Ordinance Approving And Authorizing The Execution Of A Telecommunications Contract Service Agreement Between The City Of Springfield And Memorial Health System (2950 South Sixth Street) **(Requested By Alderman Cahnman)** **(Utilities)**

Description: This ordinance authorizes the execution of a standard Telecommunications Contract Service Agreement between Memorial Health System and the City of Springfield. Under the agreement, Memorial Health System will be provided with fiber optic connections from its facility located at 701 North First Street to Express Care facility at 2950 South Sixth Street in Springfield. The City's existing fiber optic system and communications infrastructure will be used along with new fiber built into Memorial Health System's facilities to provide these services. Memorial Health System will pay the City an installation charge of \$2,995.00 plus \$1,495.00 per month for a 100 Mbps (megabits per second) Ethernet connection for the initial term of the contract.

The initial agreement will take effect upon approval by the City Council and Memorial Health System and remain in effect for a term of three years from the date of the provision of service. Termination and extension provisions are the same as under Ordinance 2009-149.

This contract is entered into pursuant to the City's Contract Service Tariff filed with the Illinois Commerce Commission.

**2009-151** An Ordinance Approving And Authorizing The Execution Of An Illinois Water And Wastewater Mutual Aid Agreement For The Water Division **(Requested By Alderman Cahnman)** **(Utilities)**

Description: This Ordinance accepts and authorizes the execution of an Illinois Water and Wastewater Mutual Aid Agreement. The signatory utilities to this agreement will establish an intrastate Mutual Aid and Assistance Program called the Illinois Water and Wastewater Agency Response Network (ILWARN). Through ILWARN, members will provide utility-to-utility response during an emergency. The ILWARN mission is to support and promote statewide emergency preparedness, disaster response and mutual assistance for public and

private water and wastewater utilities for natural and manmade events.

The ILWARN website assists its members by providing emergency planning, response and recovery information before, during and after an emergency. As the nationwide Water and Wastewater Agency Response Network (WARN) system expands, it will become easier to provide mutual aid to other states as needed. Through the ILWARN Website, a member can request emergency equipment such as pumps, generators, chlorinators, evacuators, as well as trained personnel that may be needed in an emergency.

There is no requirement that utilities must respond to a request for assistance. This agreement provides for reimbursement for services rendered by a responding utility. The initial term is one year from the effective date, and the agreement automatically renews for one year terms unless written notice is provided to the Illinois Section of the American Water Works Association.

**2009-152** An Ordinance Authorizing A Supplemental Appropriation In The Amount Of \$875,000.00 From The 2008 Water Improvement Fund For The Water Division (**Requested By Alderman Cahnman**) (Utilities)

Description: Ordinance No. 32-01-09 approved and authorized execution of a Purchase Contract in an amount not to exceed \$875,000.00 with Patrick and Alice Londrigan for approximately 385.84 acres of land, located at 6500 Oakcrest Road in Clearlake Township in Sangamon County, Illinois, for use as a sand and gravel pit for the City of Springfield Office of Public Utilities. That Ordinance further authorized a Supplemental Appropriation in the same amount from the 2008 Water Improvement Fund to fund this real estate purchase, which was anticipated to be finalized in Fiscal Year 2009.

This Ordinance approves and authorizes a Supplemental Appropriation in the amount of \$875,000.00 from the 2008 Water Improvement Account No. 101-300-KB-1149 into the Water Fund Land Account No. 101-100-B-MJ19-2301 to cover the purchase of the aforementioned property due to the property purchase being finalized in Fiscal Year 2010, as opposed to the prior fiscal year.

**2009-153** An Ordinance Authorizing The Establishment Of A Revolving Line Of Credit Facility In An Amount Not To Exceed \$15,000,000.00 For The Electric Fund With An Availability Period Not To Exceed Five Years From Its Closing Date (**Requested By Alderman Cahnman**) (Utilities)

Description: The Ordinance authorizes the Mayor to take all the actions necessary to implement and exercise a Revolving Line of Credit Facility for the City of Springfield Office of Public Utilities' Electric Fund in order to provide a standing level of liquidity that may be drawn upon in the event of cash flow shortages over the next five years. This ordinance outlines specific authorization parameters for the line of credit. Operating within these parameters, the Mayor is empowered to execute all the operative documents for the transaction. This is the same procedure used in procuring financing through bond issuance. The Office of Public Utilities views the existence of a standing Revolving Line of Credit as a prudent business practice so that the utility is always prepared to meet its financial obligations.

As they have reviewed the Electric Fund's bond ratings in relation to the Dallman Unit 4

project, both credit rating agencies, Moody's and Standard and Poor's, have informed the Office of Public Utilities that it should consider enhancing its liquidity position to properly manage its day to day cash flow needs. The agencies have pointed out that the Electric Fund's liquidity (available cash in relation to ongoing expenses) is less than the average level for electric systems similar to ours. A liquidity facility, such as the one contemplated here, would help alleviate rating agency concerns in this area of utility financial operations.

The Office of Public Utilities only intends to use this Revolving Line of Credit to stabilize its cash position, ensuring that working cash will be no lower than \$5,000,000.00 on any given day. Under normal circumstances and given actual cash flow needs, the utility might expect to draw on this line of credit in the spring and repay it in the fall of each year. The utility would not intend to leave monies outstanding under this line of credit for more than a few months each year. This line of credit would represent a cash management tool not a mechanism by which additional utility capital projects would be funded. It could also be thought of as a cash management insurance policy. The costs of this credit facility would be treated as operating costs of the Electric Fund.

The commitment amount for the 2009 Revolving Line of Credit may not exceed \$15,000,000.00. The line of credit will be treated as a subordinate lien obligation under the Electric Fund Master Bond Ordinance. Minimum draws under the line of credit will be \$250,000.00 and integral multiples of \$100,000.00 in excess of the minimum. The availability period will not exceed five years from the date of closing.

This Ordinance would authorize the Mayor to seek and evaluate proposals from Financial Institutions, as well as select the proposal offering the City the lowest costs and best terms and conditions. Once selected, the City Council would be notified of the same in writing. Operating within these parameters, the Mayor would be authorized to take the necessary actions to complete the closing on the 2009 Revolving Line of Credit. The Ordinance also would give the Mayor, or his designees, the authority to make draws and repayments under the terms and conditions specified in the final line of credit agreement. The Ordinance also would authorize the payment of costs of issuance for putting this credit facility in place. These costs would include costs of counsel to the financial institution and any City costs for external counsel, along with any other miscellaneous costs of implementation.

The Ordinance authorizes the Mayor to make draws under the Revolving Line of Credit Facility, but requires written notification to the City Council any time such a draw is made. This notification shall include: the reason for the loan, the principal amount, the interest rate, and the anticipated repayment schedule for borrowed funds. This ordinance further restricts the use of funds borrowed under the Revolving Line of Credit Facility to those projects and expenses which have been previously appropriated by the Springfield City Council for the then current fiscal year.

**4. Unfinished Business**

**5. New Business**

6. **Requests To Address Utilities Committee**

7. **Adjournment**

*Cecilia K. Tumulty*

Cecilia K. Tumulty, C.M.C.  
City Clerk