

Interlocal Agreement to Purchase Energy for Crownover and Hawk

May 13, 2008

SUMMARY:

- This item requests approval of an Interlocal Agreement to enter into a contract with TASB Energy Cooperative for the purchase of energy for Crownover Middle School and Hawk Elementary.

PREVIOUS BOARD ACTION:

- None

BACKGROUND INFORMATION:

- The district is required to bid for the purchase of energy in any deregulated area where costs exceed \$25,000 each fiscal year.
- The district has two schools in areas that require bidding. They are Hawk Elementary and Crownover Middle School. Up to now, energy has been purchased from the local default vendor, TXU.
- The district has two options to satisfy the bidding requirements. Energy can be bid by the district, or purchased through a cooperative.
- TASB has put together a cooperative that satisfies the bidding requirements for this service.
- An energy committee was formed to research the options for energy procurement. The committee includes Norm Sisk, Executive Director of Maintenance and Operations, Debbie Monschke, Executive Director of Budget and Finance, Randy Stout, District Attorney, and Kathy Arrington, Purchasing Agent.

SIGNIFICANT ISSUES:

- The rate per kWh varies from day to day. The rate being currently paid to TXU is very high. In order to satisfy the bid requirements, the energy committee would like to join the TASB cooperative for one year.
- During this next year, the committee will review the bidding options. The district can bid a one year fixed rate or enter into short term bids to adjust to the fluctuation in the market.
- The committee recommends that Angela Alfonso, Utilities Specialist, be appointed Coordinator for the District to be the direct contact by the Cooperative.

FISCAL IMPLICATIONS:

- It is expected that the district could save between \$79,000 and \$130,000 per year, depending upon the type of procurement method chosen.

BENEFIT OF ACTION:

- Passage will allow the district to be compliant to the bid law.

PROCEDURAL AND REPORTING IMPLICATIONS:

- None

ALTERNATIVES:

- No alternative actions are proposed.

SUPERINTENDENT'S RECOMMENDATION:

- It is recommended that the Interlocal Agreement between Denton ISD and TASB Energy Cooperative be approved, in order to facilitate compliance with state procurement requirements, and that Angela Alfonso be appointed Energy Coordinator.

STAFF PERSONS RESPONSIBLE:

- Norm Sisk, Executive Director of Maintenance and Operations
- Debbie Monschke, Executive Director of Budget and Finance
- Kathy Arrington, Purchasing Agent

ATTACHMENT:

- TASB Energy Cooperative Interlocal Participation Agreement
- Commercial Electricity Service Agreement

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____