

Municipal Utility Task Force

January 9, 2007

Board of Trustees Meeting



Municipal Utility Task Force

Members:

- ❖ Cindy Williams, Village Trustee
- ❖ Dave Cook, Village Manager
- ❖ Richard Ciccarone, Resident
- ❖ Craig Chapello, Resident
- ❖ Gregory Spitzer, Resident
- ❖ Ken Florey, Village Attorney
- ❖ George Franco, Director of Public Services
- ❖ Shaun Pelletier, Village Engineer
- ❖ John Lega, Village Electrician
- ❖ Michael Mertes, Intern

Municipal Utility Task Force Calendar of Events

January 2007						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3	4	5	6
7	8	9 7:30pm Village Board Meeting	10	11	12	13
14	15	16	17	18	19	20
21	22	23 7:30pm Village Board Meeting Feasibility Study Presentation	24	25 Town Hall Meeting Old Board Room Memorial Building 7:00 pm	26	27
28	29 Community Forum – Tentative Date	30 Community Forum – Tentative Date	31 Community Forum – Tentative Date			

Municipal Utility Task Force Calendar of Events

February 2007						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1 Community Forum – Tentative Date	2 Community Forum – Tentative Date	3
4	5	6 7:30pm Village Board Meeting; decision on whether to pursue referendum question	7	8	9	10
11	12	13 Last day for governing body to pass resolution to place referendum on ballot	14	15 Last day to certify referendum to election authorities	16	17
18	19	20	21	22	23	24
25	26	27	28			

Municipal Utility Task Force FAQ

Why has the Village begun studying an alternative to Com Ed?

Com Ed's service to Hinsdale four times worse than average

The reliability of electrical service in Hinsdale is substandard and continues to decline. According to data supplied by Com Ed, power outages in 2005 were up 36% over 2004. On average, Hinsdale residents experienced 4.56 interruptions in service per year versus Com Ed's system-wide average of 1.2 interruptions per year per customer.

Potential for greater cost control

Due to the rapidly changing nature of the electric utility industry nationwide, the 10-year rate freeze in Illinois expiring, and an anticipated 24% increase in residential rates, the Village has decided to explore the idea of a publicly-owned and operated power system.

Municipal Utility Task Force FAQ

Goals of Exploring Alternatives to Com Ed

Improving the reliability of electrical service is of the utmost importance for the Village. There are several means to reach this goal with consideration of municipal ownership and operation one potential approach.

Secondarily, the Village would strive to deliver electrical service at the lowest possible rate. It is expected that the price to residential consumers would be at or below the Com Ed rate.

Additional Potential Benefits

Expected cost savings realized by the Village could be directed to the system-wide replacement and burial of overhead lines over an approximately 10-year period. The Village could also elect to use cost savings to more aggressively pay down debt associated with the acquisition of the system.

Municipal Utility Task Force FAQ

Area Communities Successes with Public Power

Several Chicago area municipalities have public electrical power systems, including Naperville, Winnetka, St. Charles, Geneva, and Batavia. Several of these communities are of similar size and characteristics and have reportedly improved the reliability of their electrical power systems and achieved cost savings.

Municipal Utility Task Force FAQ

First Step: Preliminary Review

Due to the complex nature of utility provision, few firms specialize in evaluating electric power infrastructure and public ownership. After careful review of proposals from several nationally-recognized firms, the Village selected Latham and Associates to conduct a preliminary feasibility study. Latham and Associates has successfully assisted more than 30 communities in the State of Iowa with similar initiatives.

Feasibility Study

The Village is endeavoring to be prudent with taxpayer money and is dedicated to open and transparent decision-making. Latham and Associates was selected due to their proven track record and their commitment to provide the desired services at the most attractive price. The contract award for the feasibility study was \$25,000.

Municipal Utility Task Force FAQ

Initial Assessment

An inspection by Latham and Associates found that approximately 70% of Com Ed electrical distribution system is fully depreciated. In other words, 70% of the system is more than 30 to 35 years old. This aged equipment has neither been updated nor replaced. In Com Ed's three-year infrastructure plan, there is currently no allocation to upgrade existing infrastructure.

When will findings be presented?

Latham and Associates is scheduled to make a presentation of their preliminary feasibility study at the January 23rd meeting of the Board of Trustees. At its February 6th meeting, the Board will determine if a referendum question shall be placed on the April 2007 ballot. Residents are encouraged to attend.

Municipal Utility Task Force FAQ

Ongoing Dialogue with Com Ed

During the feasibility study and any subsequent inquiry into municipal ownership and operation, the Village will be committed to ongoing dialogue with Com Ed to address concerns related to the reliability of, and investment in, its existing system.

How is the Village proceeding?

Over the next few months, the Village will constantly keep residents informed via a variety of methods, including its web site, the local newspapers, a series of informal neighborhood meetings, and a larger public forum.

Municipal Utility Task Force FAQ

What a Potential Referendum Question Would Address

The upcoming referendum is designed to simply get the pulse of the community as it pertains to *considering* Village-ownership and operation of the electric power infrastructure.

Municipal Utility Task Force Com Ed Tour

Synopsis of Com Ed Tour:

❖ *Joliet, IL – Operations Command Center*

- This is the Com Ed facility responsible for overseeing the electric distribution system. The Com Ed staff explained to the group how incidents were reported and addressed.
- Received an “Electricity 101” where staff explained their system from generation to household delivery

❖ **Visited Two Substations Providing Power to Hinsdale**

- One substation is located east of the Hinsdale Public Safety Building and the other is located across the street from The West Hinsdale Train Station.
- The two substations provide power to the Village of Hinsdale along with two other sub-stations located outside Village limits.

Municipal Utility Task Force Project Budget (Estimated)

Item	Phase I through April
Consulting Fees – Latham and Associates	\$30,000
Public Relations \$5,000 per month retainer	\$15,000
Legal Costs	\$15,600
Other Miscellaneous Costs	\$2,500
Total Phase I	\$63,100

The above cost assume approval of the referendum by the board. If the board does not approve the referendum at the February 6th meeting the above cost will be reduced by \$21,400, to a total estimated cost \$41,700.