



May 13, 2015

Item No. 4

AUTHORIZATION TO EXERCISE TWO ONE-YEAR EXTENSION OPTIONS WITH CONSTELLATION ENERGY SERVICES, INC. (AS SUCCESSOR TO INTEGRYS ENERGY SERVICES, INC.) FOR THE SUPPLY AND DELIVERY OF ELECTRICITY TO VARIOUS CHA RESIDENTIAL SITES AND FACILITIES

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached resolution authorizing the Chief Executive Officer or his designee to exercise the first and second one year extension options under Contract No. 11319 with Constellation Energy Services, Inc. (as the successor of Integrys Energy Services, Inc., pursuant to a merger) for the supply and delivery of electricity to various CHA residential sites and facilities in an amount not-to-exceed \$ 6,632,320.

FUNDING: General Fund

Contractor: Constellation Energy Services, Inc.
(successor to Integrys Energy Services, Inc., pursuant to merger)
500 West Madison
Suite 3300
Chicago, IL 60661

Contract Type: Supply and Delivery

Original Contract Amount: \$ 8,700,000.00
Amount of Contract Amendment No.1: \$ 6,632,320.00
New Total Contract Amount: \$ 15,332,320.00
Original Contract Base Term: August 1, 2013 - July 31, 2015
First Contract Extension Term: August 1, 2015 - July 31, 2016
Second Contract Extension Term: August 1, 2016 - July 31, 2017

M/W/DBE Participation:

Direct: MBE 20 % WBE _____ % DBE _____ %
Indirect: MBE _____ % WBE _____ % DBE _____ %
Waiver: _____ Yes/No

Section 3:

() Hiring _____ (\$) Subcontracting _____ (\$) Other Economic Opportunities \$ _____

EXPLANATION

In July 2013, the Board of Commissioners approved the award of an agreement with Integrys Energy Services, Inc. for the supply and delivery of electricity to various CHA residential sites and facilities for a base period of two (2) years. The base term of the contract began on August 1, 2013 and will expire on July 31, 2015.

The Electricity Supply and Delivery Agreement offers CHA the opportunity to purchase its electrical needs at wholesale instead of retail, and enables the CHA to hedge against potential market price fluctuations through use of multi-tiered price/risk management options.

The CHA is planning to utilize this contractual capability and current low pricing in the energy market to lock in favorable electricity rates for two (2) one year periods in an effort to decrease our exposure to market volatility.

Market indicators suggest that the current electricity commodity rates are expected to increase in the next two years. Therefore, it is in the best interest of the CHA to present an extension option for two (2) one year periods to the Board for authorization before the current base term of the contract is complete. This will enable the CHA to lock in current rates for future usage, for up to two years; instead of waiting for the expiration of the current term and only exercising a one year extension option at that time.

Under this contract, Constellation provides the supply and delivery of wholesale electricity to the Chicago central utility gate. Com Ed then delivers this electricity to all CHA family, senior and scattered site properties in the CHA traditional public housing portfolio. The CHA continues to utilize Com Ed for the distribution of electricity from the Chicago's central delivery gate to actual CHA buildings. The associated local distribution costs are not included within the scope or budget of this contract and will continue to be billed separately.

The CHA is recommending that the Board authorize the Chief Executive Officer or his designee to execute an amendment to Contract #11319 with Constellation Energy Services, Inc., to exercise both the first and second extension options reserved under the contract; extending the contract from August 1, 2015 through July 31, 2017. This amendment will also increase the existing not to exceed compensation funding by an amount not to exceed \$6,632,320.

RESOLUTION NO. 2015-CHA-39

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the memorandum dated May 13, 2015 - entitled **“AUTHORIZATION TO EXERCISE TWO ONE-YEAR EXTENSION OPTIONS WITH CONSTELLATION ENERGY SERVICES, INC. (AS SUCCESSOR TO INTEGRYS ENERGY SERVICES, INC.) FOR THE SUPPLY AND DELIVERY OF ELECTRICITY TO VARIOUS CHA RESIDENTIAL SITES AND FACILITIES”**

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to execute a contract amendment exercising both the first and second options reserved under Contract #11319 with Constellation Energy Services, Inc. (as the successor to Integrys Energy Services, Inc., pursuant to a merger) for the period from August 1, 2015 through July 31, 2017 to purchase electricity supply and delivery services and to increase the existing not to exceed compensation amount under Contract #11319 by an amount not to exceed \$6,632,320, resulting in a new aggregate compensation in an amount not to exceed \$15,332,320.



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