TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER
DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: FEBRUARY 12, 2007 CMR: 137:07

SUBJECT: REQUEST TO ESTABLISH LETTER OF CREDIT FACILITIES TO PROVIDE COLLATERAL ASSURANCE UNDER NEW ELECTRIC AND GAS MASTER AGREEMENTS FROM FINANCE COMMITTEE MEETING OF JANUARY 17, 2007

RECOMMENDATION
Staff recommends that the Council accept the Finance Committee’s recommendation to direct staff to establish a credit facility with Wells Fargo Bank, the City’s current banking services provider, for the sole purpose of providing credit assurance instruments for the natural gas and electricity commodity supplies.

COMMITTEE REVIEW AND RECOMMENDATIONS
The amount of the facility recommended is $1.0 million for gas and $2.0 million for electricity. The annual cost is $15,000 with a one-time set up fee of $10,000. All costs will be covered by the respective utility funds. After discussion, the Committee voted unanimously to accept staff’s recommendation.

PREPARED BY: KARL VAN ORSDOL
Manager, Energy Risk Management

DEPARTMENT HEAD: CARL YEATS
Director, Administrative Services

CITY MANAGER APPROVAL: EMILY HARRISON
Assistant City Manager

ATTACHMENTS
Attachment 1: CMR 108:07