MINUTES OF UTILITIES COMMITTEE MEETING April 16, 2012

The April 16, 2012 Utilities Committee meeting was called to order by Chairperson Sharon Spencer at 7:24 P.M. Present were Fred Berry, Jack Ferguson, Amy Michael, Bruce Ribelin, Frank Seman and Fran Ricciardi. Also attending the meeting were Finance Director, Kim Cecora; Service Director, Kelly Engelhart; City Engineer, Bob Finney; Utility Billing Supervisor, Mike Reynolds; Water Plant Supervisor, Tim Stephens and Tom Bellish representing Buckeye Energy Brokers Donna Swigart of 528 East Riddle Avenue, Ravenna, Ohio.

Ms. Spencer said the first item for discussion is the GE standpipe recirculation pump.

Mr. Stephens said this is a project that this is an existing project that was engineered about a year ago. Now they need to put the funds together to actually put the final phase and have it installed. Right now they only use about 20 feet of that tank. This pump will allow them to draw down further. The added bonus is that it will boost a little bit of pressure heading north. They hope to improve the water quality on 88 where there have been some problems.

Ms. Engelhart said that this was originally a carryover project that had about \$20,000.00 appropriated for it. There was only about \$2,000.00 spent in 2011 to do the engineering work on it. She thinks originally Mr. Merleno thought that the street department could do the installation work to save some costs. There just isn't the manpower in the street department to do the work. They are going to outsource the whole project. What they will probably do is there is some money that is sitting in a water capital improvement fund for the water activated carbon caps and they may not need to do that project. They've been holding that money. There is \$250,000.00 there so they are planning on trying to take the \$250,000.00 from the one fund and move it to the GE Standpipe Fund. It's still water CI but moving it from one line item to another.

Mr. Seman asked how much of the water tower would become available for use.

Mr. Stephens said they'll be able to get at least 50% of it. Right now he only gets about the first twenty feet.

There being no questions or comments, it was decided by those present that a tracking sheet would be submitted for Finance Committee approval.

Ms. Spencer said the next item for discussion is the energy contract.

Mr. Bellish said he has an update on the natural gas program and an update on the demand response program. That program was started last June. He worked with Ms. Engelhart last fall to administer that program. What that does, the city gets a check to be signed up to curtail load at the water and wastewater plants. Ohio Edison did not ask for any curtailments and they don't expect any. There is plenty of electricity out there. There is a surplus. They did have to do a test. It was a one hour test where the backup generators kick on. The good news with that program is they have already paid the city \$11,000.00. He has another check for \$910.00 for participating in last year's program.

Mr. Bellish said that there is so much power out there this year they are not expecting any participation in the summer of 2012 but the summer of 2013, they are expecting participation again. In 2014, he thinks the payments will be about the same. The city should collect between \$10,000.00 to \$15,000.00 per year.

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Mr. Bellish went on to say that with the natural gas program. The city is currently Direct Energy. It goes through September. There are some proposals where they have the option of renewing with Direct Energy, going with another supplier. The natural gas market is so different than it was two or three years ago. It was very expensive. Suppliers weren't making deals at all. It's not like that at all now. There are more suppliers than there are customers. Prices are dropping all of the time. They were probably about \$12 per mcf three years ago. This year they are seeing price at about \$4 per mcf. There are some offers out there right now maybe \$5 or \$6. But they think with this new supplier, Constellation Energy is offering, right now, as of today, \$3.99 per mcf for one year. He would like to recommend them going forward. They are about 33 cents lower than Direct Energy. Direct Energy has done a good job for the program but it is a commodity. Price is everything in this business. They have worked with Constellation in the past. They have just had a city go with Constellation from Direct Energy and the transition went very smoothly. One customer will get an opt out letter saying they are automatically included. Others who are in another program or opted in, they will get a letter saying that they have to call to not be in the program.

Mr. Ricciardi asked if somebody comes in lower than Constellation, there is no exit fee.

Mr. Bellish responded in the affirmative. They really look for that and don't like to sign anybody up that has an exit fee. A lot of them do but that's the advantage of having a city program.

Ms. Spencer said that sometimes people get the letters from these companies, the letters are hard to understand. The people are hesitant to do anything because they don't want to cause themselves problems. They don't want to opt out if it's going to mean any number of problems for them. She doesn't know if that information could be given to any of the companies that are going to send letters.

Mr. Bellish said he does have a sample letter from Constellation so he can forward it. It is more clear than the Direct Energy letter. It is important for people to understand.

Mr. Bellish said this contract would start October. The first billing cycle would be November. The letters go out 45 days in advance, about August 15. The \$3.99 won't be the price tomorrow. It could be higher or lower. It's market dependent. But what they do is the wholesale price changes every day but they'll keep an adder constant. They add 66 cents to the price. Direct Energy is at 99 cents right now. Based on that, the two suppliers will always be 33 cents apart, no matter what day it is. Wholesale market trades like stock, every minute it's different so that's how they bid these out.

Mr. Seman asked if there isn't a window of time they have to pick the rate.

Mr. Bellish responded in the affirmative stating Direct Energy has several milestones. One is they want contacted by May 1st if you want to look at another bid. He already contacted them. He got their bid and it was 99 cents plus the wholesale rate for a total of \$4.32. The second milestone is May 20th. By that date, they would like to know if the city is going to continue with them or not. If you go past that date, they will assume it's not going to be renewed and that's it. His recommendation would be to go with Constellation. They have enrollment on line.

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Mr. Seman asked if a person is already in the program, if they have to call to enroll.

Mr. Bellish said that's a little bit tricky. There are two groups of customers. One group is automatically included from the start, they don't have to do anything. But if they opt in and called and opted in, they would be considered a Direct Energy customer. They do have to call and opt in to this program. Every resident will get one letter. It will either tell them they are automatically included or it will tell them they need to opt in.

There being no questions or comments, it was decided by those present that a tracking sheet would be submitted for Finance Committee approval.

Ms. Spencer said the next item on the agenda is the Street Garage Drainage Project contract.

Ms. Engelhart said the board of control has met to award the project. The project manager has asked they increase the appropriation by \$5,000.00. The bids were really close. He estimated \$30,000.00. The lowest came in around \$29,500+. He is a little concerned there is not enough of a buffer there. He would like an additional \$5,000.00. It would be split three ways, water, sewer, and 65-74. They also need to award the contract.

There being no questions or comments, it was decided by those present that a tracking sheet would be submitted for Finance Committee approval.

Ms. Spencer said the next item for discussion is the Peck Road waterline break.

Ms. Engelhart said they found out there is a waterline break on Peck Road at the intersection of Peck Road and Loomis Parkway/Lovers' Lane.

Mr. Finney said there is a casing that goes under the road. Somehow the pipe is leaking inside of that casing. It dead ends on the other side of Peck Road at a hydrant.

Ms. Engelhart said that the hard part about this is that it's not a water main break that, because it's leaking inside the casing, the city crew can fix. They do need an additional appropriation for the \$12,000.00 but it will be out of the water fund.

Mr. Finney said that it is a county road and they're not allowed to dig the county road plus it's in a steel casing. They couldn't get to it anyway. It's got to be cut, disconnected, pulled out and then put back in the casing and seal it. It certainly shouldn't have failed after it was installed in 2004.

There being no questions or comments, it was decided by those present that a tracking sheet would be submitted for Finance Committee approval.

Ms. Spencer said the next item is the utility plant signs.

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Ms. Engelhart said this is something that came up after they started planning for the utility open house. They started talking about signs and realized that they really don't have good, consistent signs that identify both plants as belonging to the city. She is afraid there isn't enough money in the open house budget to cover the cost of these signs. If they can get similar to the one at the street garage, with the city logo on it and identifies the department, with the address. They would like to do the same thing in front of both plants. If they can, they'd like to have them up before the open house. The other little sign they would like to change is the old rickety sign attached to a telephone pole at the intersection of Hommon and Diamond that lets people know that's where the wastewater treatment plant is. It's not very big and looks like it is very old. They would like to change that as well so they can direct people where the plant is. Those will also match the welcome signs coming into the city. They are currently putting a sign at the compost site. She doesn't have a cost. She will be getting it tomorrow. She doesn't think it will be an additional \$1,000.00 per sign. They are 4'x8' signs. The cost will be split between the water fund and the sewer fund.

There being no questions or comments, it was decided by those present that a tracking sheet would be submitted for Finance Committee approval.

Ms. Spencer said the next item on the agenda is the Honeywell update.

Mr. Cecora said financing is on track. He spoke with bond counsel today. Notes will be issued this upcoming week. Long term financing will, hopefully, be in place by October. The proceeds from the note sale should be with them the third week of April. They will have funding secured by month end.

Ms. Engelhart said the targeted start date for project would be May. They have not met and will not, until the funding is actually secured. They hope that through the next meeting cycle, they should have a timeline established so they can give an update as to when the projects are going to start, where they will start, etc.

Ms. Spencer said they appreciate the update.

There being no further business before the Committee, the meeting adjourned at 7:45 P.M.

ATTEST:		
Clerk of Council	Sharon Spencer, Chairperson	
	Utilities Committee	