

Cuyahoga Falls City Council
Minutes of the Finance and Appropriations Committee Meeting

March 19, 2018

Members: Tim Gorbach, Chair
Jerry James
Mary Ellen Pyke

Mr. Gorbach called the meeting to order at 6:31 p.m. All members were present.

Legislation Discussed

Temp. Ord. A-26

Temp. Ord. A-27

Temp. Ord. A-28

Discussion:

Temp. Ord. A-26

An ordinance authorizing the Director of Public Safety to enter into a contract or contracts, according to law, for the purchase of turnout gear for use by the Fire Department, and declaring an emergency.

Fire Chief Moledor stated that this contract will purchase additional sets of gear, so that each firefighter will have two sets of gear. What they are finding is that one set is being destroyed, because it collects all the smoke and soot and starts to deteriorate. This is in the budget plan for the next three years.

Mr. Gorbach stated that this was in the budget passed last year, and it is under that amount this year. Mrs. Pyke stated that since Mr. Reilly is new on Council, he should be going into a burn soon. She asked Chief Moledor if they be burning anything soon. Chief Moledor stated that they are. The Fire Department doesn't have practice burns very often; however, with the upcoming practice burn, they are working within a compressed timeframe of four days. To get all the firefighters through the practice burn, they have chosen not to have Council or any of the rail to the burns. They just received the burn permit today. They must use it quickly, because the owner of the property wants it down by the 31st of March.

Mr. James moved to bring out Temp. Ord. A-26 with a favorable recommendation, second by Mrs. Pyke. Motion passed (3-0).

Temp. Ord. A-27

An ordinance authorizing the Director of Public Service to enter into an energy purchase agreement known as the "2026-2028 Fixed Volume Energy Supply Schedule" with American Municipal Power, Inc., and declaring an emergency.

Mr. Dougherty, Electric Superintendent, stated that they are looking to do 10 megawatts of 7x24 power for those three years at a price not to exceed \$35 per megawatt hour. They have their power

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needs pretty much wrapped up through 2025, and this would extend that out to 2028. Right now, they are in the middle of a 13.7-megawatt PPA, Power Purchase Agreement, and then they have one for 2021 and 2022 for \$39.85. For 2023 through 2025, it is at \$34.50 per megawatt hour. They are looking to do this at no more than \$35 per megawatt hour; hopefully, less, depending on when they get the approval to move forward.

Mr. Gorbach thanked Mr. Dougherty for the summary that he prepared. The City has several contracts with AMP Ohio. They have been lucky for a lot of years with the lower electric rates in the City. Mrs. Pyke asked if they currently have one at \$39. Mr. Dougherty stated that, currently, they are in the middle of one that's 13.7 megawatts. The cost of that one is \$62.85 per megawatt hour. Mrs. Pyke asked if they have any opt-out on the more expensive agreement. Mr. Dougherty stated that they do not. The prices are good right now. That is why they are looking to lock that price up. The agreement that they are in now was purchased in approximately 2008. Mrs. Pyke asked who AMP Ohio is purchasing the power from. Mr. Dougherty stated that they purchase power from the lowest bidder. It would be a very reputable power supply agency that meets all the criteria that AMP sets forth for all their members, but it could be any one of several companies. Mrs. Pyke asked if they are putting any stipulation on as far as clean power or coal. Mr. Dougherty stated that it is market power, which is an undefined mix of power.

Mrs. Pyke asked how they can lock this in at \$35 if AMP Ohio doesn't know what this is going to come back as. Mr. Dougherty stated that they are gambling that they're going to make money on it, just like the City is gambling that it's going to be a decent price when it comes to that time. AMP Ohio could be selling it to the City at a loss. This contract is for 2026 through 2028. This keeps the power cost steady through 2028. In 2021, this current expensive PPA will drop off and there will be this less expensive one, which is going to save customers \$2.8 million per year just to drop down to a cheaper Power Purchase Agreement. This is going to keep that lower cost going through 2028. Mrs. Pyke asked how long they are locked into the \$62.85 contract. Mr. Dougherty stated that it was through the end of 2020. In 2021-2022, the Power Purchase contract is at \$39.85. Mr. Gorbach stated that next contract is 2023 to 2025 at \$34.50. Mrs. Pyke asked if going out that far to purchase power and lock in prices is typical. Mr. Dougherty stated that, a couple years ago, they entered into the contract from 2023 to 2025, so it's not atypical. The one the City is in now that runs through 2020 was transacted in 2008. Mrs. Pyke asked what the savings will be to the average household. Mr. Dougherty stated that it is over \$3 million for everybody. It's not going to be earth-shattering for an average household. For bigger business, it will make a difference.

Ms. Nichols-Rhodes stated that she met with Mr. Dougherty, for a couple of hours, going through slide after slide, and his job is very complicated. The City is in AMP, which is a nonprofit for municipalities. The members of AMP, including Cuyahoga Falls, are always trying to keep the least amount of cost to the customers, because there is no profit involved. Everybody is trying to get the lowest rate. Mr. Dougherty has done a fine job of this. It is a gamble, as prices of different suppliers and different sources of energy come. She thinks \$35 is a good deal. Mr. Colavecchio asked if they were locked into a 10 or 12-year deal before 2008. Mr. Dougherty stated that, in 2008, the years were 2015 through 2020. Mr. Colavecchio asked if the deals are now one to two

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years or two to three years. Mr. Dougherty stated that they can transact for however many years they want and can go out as far as the market is liquid and as far as they'll sell it. The further they go out, the more it is going to cost. Mr. Colavecchio asked if, for 2020 to 2021, the savings were \$2.8 million. Mr. Dougherty stated that was correct. Mr. Colavecchio asked if that is going to be consistent to 2028. Mr. Dougherty stated that it would, and then it would a little more a little over \$3 million it will save over what they are paying now.

Mrs. Pyke moved to bring out Temp. Ord. A-27 with a favorable recommendation, second by Mr. James. Motion passed (3-0).

Temp. Ord. A-28

An ordinance authorizing the Director of Law to enter into a contract or contracts, without competitive bidding, with Roetzel & Andress, LPA for legal services related to Johnson Controls, Inc., and declaring an emergency.

Mr. Russell Balthis, Law Director, stated that he had nothing to add other than what was discussed in Executive Session last week, but he is available for any questions.

Mrs. Pyke stated that she would like to explain to the public that Council did go into Executive Session last week. Mr. Balthis went into detail about this ordinance, but, because it concerned litigation with the City, it is not privileged information for the public. Council has been very well informed and had an opportunity, for a full week, to bring any questions to Mr. Balthis.

Mr. James moved to bring out Temp. Ord. A-28 with a favorable recommendation, second by Mrs. Pyke. Motion passed (3-0).

The meeting adjourned at 6:45 p.m.