

CUYAHOGA FALLS CITY COUNCIL

Minutes of the Meeting of the Finance & Appropriations Committee

October 19, 2015

- Call to Order The meeting was called to order by Mrs. Klinger, Chair, at 6:31 p.m. A quorum was present.
- Approval of the Minutes Without objection, the minutes of the October 5, 2015 meeting were approved as submitted.
- Agenda Items
- Temp. Ord. B-86 An ordinance authorizing the Director of Finance to enter into a contract or contracts without competitive bidding with Wichert Insurance Services, Inc. for the professional services necessary to manage the City's risk management and insurance program and for the purchase of public entity insurance coverages, and declaring an emergency.
- Proponent testimony was offered by Finance Director Bryan Hoffman. Mr. Hoffman stated that that this ordinance authorizes the renewal of the City's insurance program. The City is requesting to use Wichert because Wichert has been the City's insurance provider for 30 years, Wichert runs the City's claims program and has extensive knowledge of the City's claims, and Wichert is able to offer an essentially flat renewal despite the City's claims history in 2014, which included extensive flooding claims.
- The Chair asked when was the last time the insurance program had been put up for bid. Mr. Hoffman stated he did not have this information, but would provide it later. The Chair asked if there are any changes in coverage in this proposal. Mr. Hoffman stated there are no changes in coverage. However, the City is considering adding "cyber" coverage in the near future.
- There was no opponent testimony. There was no public comment.

Motion by Mr. James to release Temp. Ord. B-86 with a favorable recommendation. Seconded by Mr. Iula. Motion adopted by acclamation.

Temp. Ord. B-88

An ordinance authorizing the Director of Public Service to enter into a contract or contracts for the purchase of natural gas, after publicly advertising for bids, and declaring an emergency.

Proponent testimony was offered by Finance Director Bryan Hoffman. Mr. Hoffman stated that Hess Corp., the City's current provider of natural gas, has been bought by Direct Energy. Hess has proposed a renewal of the natural gas contract in the range of \$3/mcf for the next three years. The City assessed the market and determined that it could do better. The City has issued an RFP for purchase of natural gas commencing January, 2016, for a period of five years. The City is looking at both fixed-rate and variable rate options. The RFP closes on November 3. The proposals will be good for only three hours. Therefore, the City needs authority to enter into the contract in advance of the opening of the bids.

The Chair asked how the contract terms proposed by the bidders on November 3 can be properly considered in such a short time window. Mr. Hoffman stated he will "push it to Law very quickly" to ensure that the City is able to sign the contract. The Chair asked the Law Director if he has had any experience with these types of contracts, and whether the terms proposed by the providers are negotiable. The Law Director stated he has not had experience with these providers, but the contracts are often "take it or leave it."

The Chair recognized Mr. Colavecchio, who asked how the City will be protected if the market price of gas falls during the term of the contract. Mr. Hoffman stated that the City is currently paying \$4.30/mcf and the renewal proposal from Hess is \$3/mcf. The City is considering both fixed-price and variable market pricing. The City hopes to hedge against price increases as well as take advantage of any market price decreases. Mr. Colavecchio asked if the rate is an adjustable rate. Mr. Hoffman stated that the City

will receive fixed-price bids for various periods of time and will not be required to buy all of its requirements through the contract if the price is not advantageous at the time of purchase. The City would be able to go back to the market. Mr. Colavecchio asked if the City expects to get a rate of \$3/mcf in this bid. Mr. Hoffman stated he expects to get a price of \$2/mcf for 2016, which is current market price. Mr. Colavecchio asked whether residents would save more than half off of their current gas rates. Mr. Hoffman stated that this contract is for the City's internal use only. Mr. Colavecchio asked if the City has considered converting its vehicles to natural gas. Mr. Hoffman stated that the City is not currently considering this, but could look into it.

The Chair recognized Mrs. Pyke who asked if the contract will be for three years or five years. Mr. Hoffman stated this will be determined when the bids are received. The City may option the fourth and/or fifth years if the prices are advantageous.

The Chair recognized Mr. Weinhardt, who asked if the bid will be truly fixed-price for various periods of time or variable priced based on the market. Mr. Hoffman stated there will be a series of fixed prices for variable amounts of gas, leaving additional amounts at variable rates, in order to hedge against price fluctuations.

There was no opponent testimony. There was no public comment.

Motion by Mr. James to release Temp. Ord. B-88 with a favorable recommendation. Seconded by Mr. Iula. Motion adopted by acclamation.

Non-Agenda Items

None

Without objection, the Chair adjourned the meeting at 6:50 p.m.



Carol A. Klinger, Chair

Paul A. Janis

Paul A. Janis, Clerk of Council