MINUTES FINANCE COMMITTEE MEETING
REYNOLDSBURG CITY COUNCIL
December 3, 2012

Members of Finance Committee present: Chris Long, Barth R. Cotner, Mel Clemens, Leslie Kelly.

Other members of Council present: Scott A. Barrett, Council President Doug Joseph. Councilman Cornelius McGrady III was absent.

Mr. Long called the meeting to order at 7:45 p.m.

The agenda was approved.

Minutes of the Finance Committee meeting held November 19, 2012 were approved without objection.

For Discussion Only: Electrical Aggregation - item listed at the direction of Chairman Long.- - - - Mayor McCloud said the city had entered into an electric aggregation program approximately two years ago that allowed residents to save money on their electric bills; the program had also provided some funds to the General Revenue Fund for the city. The Mayor said, "As it neared time for renewal, I had some reservations about it because of some of the complications with implementation of it the last time; I think I shared some of those with Mr. Clemens. Mr. Leach from AMPO is here this evening to talk about the specifics. Having met with him, I think at least two times in the last two weeks, there is an opportunity to realize some savings. There is also the possibility of the city earning some funds from this program. I simply thought this was probably maybe a better decision arrived at with the consensus of Council rather than me just saying no. So with that, let me introduce Terry Leach who can talk about the nuts and bolts of the program."

Terry Leach, Vice President of Risk Control at AMPO, Inc. for American Municipal Power, said the program had been started about May 2011; there were some problems because they were the first electric aggregation in AEP's territory and there had been some efforts, some mailings that had gone out that created a lot of phone calls to the city, and this was something that he did not want to happen; that he wanted the program to be transparent to the city. Mr. Leach said other programs had since been done, and such a problem had not been encountered as AEP had been told they had to stop doing that. Mr. Leach went on to say, "The agreement that we had that ends in December, residential customers, they were guaranteed a 5% savings off of their price-to-compare on their electric bill; small commercial was guaranteed a 15% savings off of their price-to-compare, so no matter what the AEP rate was, they were always going to get something a little bit less in both cases. We have about 4500 residents that participate in the program today; we have about 600 small commercial that participate in the program today, and then the last, you know, I'd like to say about nineteen months, those people have realized around $700,000 in savings collectively to their electric bills and you know, that's what aggregation is all about, you know, trying to create a load that we can go out and find good deals that are better than any one of us could go in and do on our own. So that's kind of where we are today."

Mr. Leach said the supplier right now was First Energy Solutions, a part of First Energy out of Akron, Ohio; and his recommendation to the Mayor and Council was to keep them as the supplier; that they had put together what he liked to call a no-risk offer because anyone could get out at any time they wanted to, doesn't cost them any cancellation fee; and the good news was that this time around they had negotiated a 20% off the price-to-compare for residential; and 25% off the price-to-compare for small commercial. Mr. Leach further explained the formula for the percentages; and said that this time they were going to make a great effort to make sure that all the phone calls get directed in the right direction; that he did not think there would be the type of telephone traffic there had been before. Mr. Leach said, "The other thing that we have managed to do as well, is we have been offered, once again, a one-time incentive for the program. After we do the mailing, we give people the opportunity to get in, and after they have the rescind period, which is, and maybe I should just say that real quick to remind people - what happens is, you get a mailing in the mail. You have twenty-one days, okay, to respond and say 'I don't want to be in the program'; if you don't respond, you're going to be in the program. Then what happens is, based on your billing cycle, you go to the utility, okay, AEP gets notified that you want to switch from their service to the service of the supplier for the aggregation, which is in this case, is First Energy Solutions; by law, AEP has to send you a letter saying, 'hey, I got this request for a switch and you have seven days to tell me you really didn't want to switch'. So basically, they get two bites to the apple, so it's not something like, you know, it just happens and you don't know about it. You get two opportunities to say no; when that switch takes place, then you become enrolled under the alternative supplier. So what we have negotiated here is, after we go through that rescind period, and everybody has both chances to get out, however many people are still left in the program, the First Energy Solutions is going to give to the city $10 per participant. There's the potential for a lot of money here. With the existing customers, you're talking about $50,000 without adding anyone and, you know, based on the number of households in the city, I think enrollment - we can double it. I don't know, I don't have any crystal ball, but certainly I think there's room for a lot here, and the other thing that we're going to do, too, is, we primarily solicited Columbus & Southern, and the residents that were in Franklin County; we're going to do this time all the residents that are within the City of Reynoldsburg's boundaries, 'cause we can't go outside the boundaries, but we can, you know, touch all of them. And the one thing I did not mention, not only are they giving us the $10 per enroll, the last time we did this program, it cost them $10 to get out, and like I said, this time, it's zero; there's no risk here to anybody."

Mr. Long said the city had received hundreds of calls the last time, and asked if there was any possibility of having a dedicated customer-service line included in the marketing materials that calls would go to Mr. Leach and not to the city. Mr. Leach said they would do whatever it takes; that the city would still get some calls, but he had spoken with First Energy earlier in the day and suggested a one-sheet page be contained in the mailer that would contain a number to call. Mr. Leach said there could be public meetings; that there had been an offer from the utility to have someone come and answer the phone here if desired.

Mrs. Kelly asked how long the 20% savings would last. Mr. Leach said the agreement would be for two years, so it would be through December 2014. Mrs. Kelly asked if consideration had been given to the opposite being done whereby the letters for auto-enrollment would instead tell the resident if they want to participate, they could sign up. Mr. Leach explained the Choice Program; and then went on to explain how the aggregation program had been a ballot item and the program was to be an opt-out program.

Mr. Barrett asked what other communities were successful models of the program. Mr. Leach said he had a whole list of aggregation programs, but none that got close to the discount he had explained. Mr. Barrett asked what was the largest city in the program; Mr. Leach said right now that would probably be the City of Sandusky with about 8000 participants.

City Auditor Dick Harris said one of the biggest problems the last time was if you were on a budget with AEP, you could not get on the budget, and asked if that had been changed. Mr. Leach said the answer was 'kinda'. Mr. Leach said, "They are able to put you on a budget for .." Mr. Harris said, "Usage?" Mr. Leach said, "Yes." Mr. Leach said all the utilities were working to correct that.

Mrs. Kelly asked if Council could receive a copy of the document(s) before they were sent out; Mr. Leach replied, "Absolutely." Mrs. Kelly asked how many customers switched back; Mr. Leach said he would obtain the answer for Mrs. Kelly. Mr. Cotner asked if AEP was of the understanding that this was becoming more commonplace, and could the city expect that this time would be a little better. Mr. Leach said there was an agreement with the Public Utilities Commission that they (AEP) would stop doing (what had been done before). Mr. Long asked if the marketing materials would make it known that a budget program was not being offered. Mr. Leach said they could do whatever the city wanted; that he would see to it that the language was clear regarding budgeted accounts. Mr. Long thanked Mr. Leach for his presentation.

Discussion: 2012 year-end clean up legislation- - -Mr. Harris said the legislation was necessary to clean up various accounts and was a yearly item. Mr. Long moved to send legislation to Council for the first reading, with recommendation for adoption as an emergency measure on the second reading. Mr. Clemens seconded; all voted "Aye".

Discussion: Authorization of HSA payments for 2013- - -Mr. Harris said the request was for authorization to pay the HSA payments for 2013; that the budget assumed the payments would be the same as they had been for 2012. Mr. Long moved to send legislation to Council for the first reading, with recommendation for adoption as an emergency measure on the second reading. Mrs. Kelly seconded; all voted "Aye".

Discussion: Transfer of funds for December debt payments- - -Mr. Harris said the last few years money had been transferred from the Streetscape Fund to make up the shortfall in the Debt Retirement Fund; that the Streetscape Fund was now empty and would be closed out shortly since the Supreme Court decision has been made; but he needed to transfer some cash from the General Fund to the Debt Retirement Fund in order to finish making debt payments for 2012. Mr. Long moved to send legislation to Council for the first reading, with recommendation for adoption as an emergency measure on the second reading; Mr. Clemens seconded; all voted "Aye".

Discussion: Appropriation for payment to school (from Brice Main TIF)- - -Mr. Harris said more money had been received during the year than had been received during the last couple of years, a total of $8,750; appropriation was needed so payment could be made to the schools. Mr. Long moved to send legislation to Council for the first reading, with recommendation for adoption as an emergency measure on the second reading. All voted "Aye".

Mr. Long said the next fifteen items would be handled as a single item for discussion, and asked if there were any questions. (No response) Mr. Long moved to send each of the items to the Council Consent Agenda for the second reading(s). Mrs. Kelly seconded; all voted "Aye".

ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH GPD GROUP FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH W.E. STILSON CONSULTING GROUP, LLC FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH THE MANNIK & SMITH GROUP, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH AMERICAN STRUCTUREPOINT, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH WATCON CONSULTING ENGINEERS & SURVEYORS, LLC FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH STRAND ASSOCIATES, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH CT CONSULTANTS, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH EMH&T FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH M E COMPANIES, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH S & ME, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH ORCHARD, HILTZ, & McCLIMENT, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH RESOURCE INTERNATIONAL, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH DLZ OHIO, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH QUALITY CONTROL INSPECTION, INC. FOR THE YEAR 2013- - -first reading 11-26-2012.
ORDINANCE AUTHORIZING MAYOR TO EXTEND PROFESSIONAL SERVICES AGREEMENT WITH ASEBROOK & CO. FOR THE YEAR 2013- - -first reading 11-26-2012.

RESOLUTION ADOPTING THE REVISED CAPITAL IMPROVEMENTS PROGRAM OF THE CITY OF REYNOLDSBURG, OHIO FOR THE YEARS 2013 THROUGH 2017- - -first reading 11-26-2012.- - - -Mr. Long moved to send resolution to Council for the second reading. Mr. Cotner seconded; all voted "Aye".

ORDINANCE TO MAKE AN INTERIM APPROPRIATION FOR CURRENT EXPENSES AND OTHER EXPENDITURES OF THE CITY OF REYNOLDSBURG, STATE OF OHIO, DURING THE FISCAL YEAR ENDING DECEMBER 31, 2013 AND DECLARING AN EMERGENCY- - -read for the first time 11-26-2012.- - - -Mr. Long moved to send ordinance to Council for the second reading. Mr. Clemens seconded; all voted "Aye".

ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF REYNOLDSBURG, OHIO: SECTION 160.02 "AUTHORIZED POSITIONS, PERSONNEL, CLASSIFICATION AND PAY GRADE" Subsection (a) "Administrative"; Subsection (e) "Parks & Recreation Department"; and deletes SECTION 160.03 "SALARY SCHEDULE" Subsection (c) "Part Time Employee" of CHAPTER 160 EMPLOYEE COMPENSATION- - -second reading 11-26-2012.- - - -Mr. Long moved to send ordinance to Council for the third reading with recommendation for adoption as an emergency measure; Mr. Cotner seconded; all voted "Aye".

ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF REYNOLDSBURG, OHIO: Amending Subsection (a) of Section 953.01 "Water Rate Schedule" OF CHAPTER 953 WATER CHARGES- - -second reading 11-26-2012.- - - -Mr. Long moved to send ordinance to Council for the third reading with recommendation for adoption as an emergency measure; Mr. Clemens seconded. All voted "Aye".

ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF REYNOLDSBURG, OHIO: Amending Subsection (c) of Section 945.02 "Rate Schedule" OF CHAPTER 945 SEWER CHARGES- - -second reading 11-26-2012.- - - -Mr. Long moved to send ordinance to Council for the third reading with recommendation for adoption as an emergency measure. Mr. Cotner seconded. All voted "Aye".

Meeting adjourned at 8:16 p.m.

Finance Committee
- - -Nancy C. Frazier, Clerk of Council
December 3, 2012