

# INTERNAL MEMORANDUM

## Office of the City Administrator

### Springdale, Ohio

July 13, 2012

To: Mrs. Marjorie Harlow  
President  
Springdale City Council

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From: Derrick Parham  
City Administrator

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Re: Report on Pending and Future Legislation

#### **Item I**

#### **An Ordinance Directing The Hamilton County Board Of Elections To Submit To The Electors Of The City Of Springdale, Ohio, At The November 6, 2012, General Election, A Revision To Article VI, Section A, Paragraph 1, And Section B, Paragraph 1, Of The Charter Of The City Of Springdale**

Currently, the Charter of the City of Springdale mandates that the City's Planning Commission and the City's Board of Zoning Appeals shall have two (2) members of City Council to serve on each board. One of the two Council members must be elected to Council as an at-large member and the other is to be elected from one of the districts. The Charter further states that these members of Council shall serve on the Planning Commission and Board of Zoning Appeals for the duration of their term on Council (4 years). If this ordinance is approved by City Council, it will place a ballot issue on the November 6 election to reduce the number of years that the Council members are required to serve on these boards and commissions from four (4) years to two (2) years.

The proposed Charter language does not prohibit the Council members from serving on these boards for more than two years. In other words, if two members of Council are appointed to one of the two bodies for the first two years of his/her term, they can also be appointed for an additional two years during that same term or any future terms in which they are elected to City Council.

An ordinance directing the Hamilton County Board of Elections to place an issue on the November 6 General Election was before Council for a first reading at the **06/20/2012** meeting. The ordinance is scheduled for a second reading before City Council at the **07/18/2012** meeting. If passed, the ordinance will go into effect 30 days after the passage and subsequent signing of the ordinance.

## **Item II**

### **An Ordinance Authorizing the City to Enter Into an Agreement with Adleta Inc, for the Merchant Street Rehabilitation Project and Declaring An Emergency**

Bids were opened on Tuesday, June 26, for the Merchant Street Rehabilitation Project with seven (7) bids being submitted. Adleta, Inc. submitted the lowest bid in the amount of \$321,328.85. The engineer's final estimate for the project was \$420,579 (a difference of \$99,250.15). The original engineer's estimate was \$390,000. The primary difference in the estimate was the inclusion of the underdrains to the project. As you may recall, the City submitted an application for SCIP funding to assist with the project and was successfully awarded funding for 50% of the original cost or \$195,000. The City will be responsible for 50% of the construction costs and is eligible to receive up to the \$195,000. Construction engineering costs for this project will be covered by the City at 100%.

Merchant Street is one of the most important roads in the City's Office Park area. A great deal of the curbs and gutters are deteriorating on Merchant Street and are in need of repair. The proposed project will replace the curbs and gutters along the majority of Merchant Street, install underdrains, as well as resurface the entire road.

An ordinance, with an emergency clause, authorizing the City to enter into an agreement with the Adleta, Inc., for the Merchant Street Rehabilitation Project will be before Council at the **07/18/2012** meeting.

## **Item III**

### **An Ordinance Authorizing the City to Renew its Participation in the Center for Local Government Benefits Pool (CLGBP) for 2012 and Declaring An Emergency**

Beginning August 1, 2010, the City of Springdale joined the Center For Local Government Benefits Pool (CLGBP) in an effort to reduce its cost for Health Insurance.

The Board members of the Pool have worked closely with the insurance brokers to identify ways of reducing the overall medical costs for the members. In reviewing the original language authorizing the City's participation, it does not require that Council take any action to continue our participation in the program. Therefore, there is no legislation being presented for Council's consideration.

## **Item IV**

### **An Ordinance Authorizing the City to Fund the Employees Health Savings Accounts in 2012 and Declaring An Emergency**

When the City joined the Center For Local Government Benefits Pool to provide Medical Insurance Coverage for all full-time City employees, Council passed legislation to fund each employee's Health Savings Account (HSA) in 2010 at 100% of the employee's deductible (\$2,000 - single coverage and \$4,000 - family coverage) and 50% in 2011 (\$1,000 - single coverage and \$2,000 - family coverage).

The City Administration is recommending that Council continue to fund each employee's HSA account at the 50% rate for 2012. The new proposal (exhibit A) adds a prorated table that would become effective August 1, 2012 for all new full-time employees. The prorated table does not affect any existing employees or employees that begin their employment with the City prior to August 1, 2012.

An ordinance, with an emergency clause, authorizing the funding of HSA accounts for all full-time City employees on the City's Health Insurance Plan, will be before Council at the **07/18/2012** meeting.

**Item V**

**An Ordinance Authorizing the Mayor and Clerk of Council/Finance Director To Enter Into A Master Service Agreement With Interstate Gas Supply, Inc. To Provide Natural Gas To the City and Its Residents As The Preferred Supplier Under The Energy Aggregation Program and Declaring An Emergency**

After the voters approved electric and natural gas aggregation on November 8, 2011, the City moved forward with implementing electric aggregation for our residents. Our residents should now be realizing a significant annual savings from the current Duke Energy rate. The electric aggregation program experienced an enrollment of roughly 94% (3,734 out of 3,967) of those residents eligible to participate which is considered excellent and well above the norm of 75-80%.

The next step is to have natural gas aggregation in place during the beginning of the fall in order for our residents to realize savings on natural gas prices when the winter heating season is here. The City is now a governmental aggregator and certified by the Public Utilities Commission of Ohio (PUCO). Eagle Energy, the City's energy consultant, has sought proposals from the natural gas market for both Springdale's and Amberley Village's aggregation programs. Both communities are proceeding along in parallel time frames.

Eagle Energy has recommended that the City enters into the Master Service Agreement (MSA) with Interstate Gas Supply (IGS). The purpose of this agreement is to make a commitment to IGS as the natural gas aggregation supplier. Once this relationship is established, IGS and Eagle Energy will monitor the natural gas market and recommend an opt-out strategy for timing and rates for a 12 and/or 24 month rate. Once the rate is received, I will need the appropriate authority to immediately sign the pricing document. Unlike with the electric program, the gas MSA does not set a price.

Here is a brief comparison of monthly gas cost of Duke with current IGS prices. Currently, the savings on a fixed basis for 12 months is 10% and 3.9% on 24 month commitment. Duke's gas cost is artificially lower due to the fact that they are refunding prior over-collections. Part of the refund representing about \$0.41 per million cubic feet (mcf) will end before opt-out letters would be mailed. This adds about \$50 to Duke's annual gas cost which would increase the percent savings from 10% for 12-months to 18% and from 4% to 12% for 24-months.

Eagle Energy's concern with pricing is storage is at its peak and natural gas is going to be used for generation of electricity because of its low cost compared to coal. It is expected that generation from natural gas as a source is going to increase nearly 50% this summer. They feel that both events are going to cause an increase in prices.

IGS currently serves Glendale without issues and they have offered a fixed price for 12 months and 24 months and a variable price. A decision on whether to lock in on a fixed rate or a variable rate will be made later once IGS's quote has been received. Eagle Energy's experience would indicate people prefer a fixed rate but the short-term projections of the natural gas market would strongly dictate a variable rate option for

consideration. It comes down to a preference of a fixed rate versus a variable rate. Another factor is natural gas pricing is very attractive at the moment. Duke's natural gas price does change on a monthly basis.

The MSA must be executed before a firm price is quoted. This will position the City so that when the rates are favorable, we can take action immediately.

An ordinance, with an emergency clause, authorizing the City to enter into a Master Service Agreement (MSA) with Interstate Gas Supply, Inc. as the preferred "Alternative Natural Gas Supplier" and authorizing the City Administrator to execute the necessary documents to lock in the desired natural gas rates, will be before Council at the **07/18/2012** meeting.

**Item VI**  
**Anticipated Legislation For Future Consideration**

- 1) An Ordinance Amending the Notification Requirements for certain BZA Actions, conditional permitted uses, and Zoning Code Amendments - **TBD**.
- 2) An Ordinance Authorizing the City to Participate in a Group Rating Program for Workers' Compensation for 2013 and Declaring An Emergency – **08/15/2012**;
- 3) An Ordinance Renewing the 3 year Agreement with NextStep Networking and Declaring an Emergency – **08/15/2012**;
- 4) An Ordinance Reducing or Increasing the Special Assessments Levied For the Purpose of Constructing Certain Improvements at Pictoria Island And Declaring An Emergency;
- 5) Ordinance authorizing an Agreement with Huntington Bank to Refund the Community Center Debt

**Item VII**  
**Introduction of New Full-Time City Employees**

The second of the two Firefighter positions has been filled and Mr. Craig Kuhlman along with Fire Chief Dan Shroyer will be present at the **07/18/2012** meeting. In addition, the first of the three Patrol Officer positions along with Chief Michael Mathis will be in attendance at the **07/18/2012** meeting.

Mayor  
Clerk of Council / Finance Director  
City Council  
Assistant City Administrator  
Law Director  
City Engineer  
Department Directors  
Reading File  
Recording Secretary