



## SHAKER HEIGHTS

### Administration Committee Agenda Via Conference - Zoom Tuesday, January 10, 2023, 8:00 am

This meeting is being held remotely (Zoom) pursuant to Chapters 113 and 115 of the Codified Ordinances (as amended in Ordinance 22-28), and Resolution 22-29, enacted on March 22, 2022.

Join the Zoom meeting as a viewer or listener from a PC, Mac, iPad, iPhone or Android device. Join online at <https://zoom.us/j/98833542366?pwd=N3VrVFV4eEZLOWJBSFJFU0ZJbkFzUT09>, Password: 33553400; Description: Administration Committee; or join by phone at 833-548-0282 (toll free); Webinar ID: 988 3354 2366, Password: 33553400. International numbers available at <https://zoom.us/u/amN71NpvB>.

1. Approval of the September 13, 2022 meeting minutes

Documents:

[ADMINMIN 9-13-22 DRAFT.PDF](#)

2. Gas Aggregation Program Supply Contract

Documents:

[GASAGGREGATIONPROGRAM.PDF](#)

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# SHAKER HEIGHTS

**Administration Committee  
Tuesday, September 13, 2022  
8:00 A.M.  
Via Teleconference - Zoom**

Members Present: Earl Williams, Chairperson, Council Member  
Kim Bixenstine, Resident Member  
James Brady, Resident Member

Others Present: Jeri Chaikin, CAO  
Jennifer Coe, Human Resource Analyst  
Sandra Middleton, Human Resources Director  
Frank Miozzi, Information Technology Director

The meeting was called to order by Chairperson Earl Williams at 8:02 a.m.

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## **Risk Management Appropriation**

Human Resource Analyst Jennifer Coe stated she is notified of any damage to City property and in turn contacts the at-fault insurance company and issues them an invoice. In the interim, repairs need to be completed as soon as possible and are paid from the department's risk management expenditure line. When funds are received from the responsible insurance company, it is deposited into a revenue fund for damage reimbursement. The department is requesting funds be reimbursed from the revenue fund and moved to the expenditure line where it originated.

Analyst Coe stated there are five payment that came through and provided details of each. The first was a damaged pole at Warrensville and Fairmount as the result of an accident. The claim was processed through the City's insurance with the cost of repairs at \$20,967 that included removing damaged items, installing a new support, signals, sign, and mounting hardware. The City received \$10,000, the policy limit for unscheduled miscellaneous property, and the balance of \$10,967 has been submitted to subrogation attorneys. If funds are recovered, request for appropriation will be submitted.

Other payments received include \$5,382.70 for repairs to a police cruiser that was hit. Cruiser repairs included front and rear bumpers, two doors, quarter panel, and graphics. The full amount has been received from the cited party's insurance. The City received \$65 for repairs to a street sign hit by a car on Warrensville center road (\$30 for the pole and \$35 for the sign). A car hit a traffic signal at Courtland and South Woodland for which the City received \$1,134, a 10% depreciation of age from the original \$1,260 repair cost, cited by the insurance company of the at-fault driver. Lastly, a vehicle struck a pedestrian crossing pole/signal at Warrensville and Shaker with repairs totaling \$1,115 which was received from the insurance company of the at-fault party yesterday.

The department is requesting the Administration Committee recommend appropriation of \$17,696.70, currently in the revenue fund for damage reimbursement, to the risk management expenditure line.

## **CITY OF SHAKER HEIGHTS**

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Chair Williams asked if these reimbursements occur on a regular basis. Director Middleton responded the department holds the reimbursements to avoid coming to the committee each time they receive, for example, a \$65 payment, and, oftentimes uninsured motorists are responsible for damage and the City does not collect. Chair Williams also asked if there were any significant amounts that were not collected. Chair Middleton referred to the item above where damage totaled \$20,000. The City collected \$10,000 from its insurance company with the balance submitted to subrogation attorneys. Unfortunately, drivers do not have insurance or the vehicle may be stolen, so it is not covered under insurance.

CAO Jeri Chaikin added she provided an update to council about the City's liability insurance that will pass along to committee members as it contains background information that may be helpful.

Chair Williams asked for a motion to recommend appropriating funds to the risk management fund in the amount of \$17,696.70.

It was moved by Member Kim Bixenstine and seconded by Council Member Earl Williams to recommend appropriation of risk management funds.

\* \* \* \*

**Approval of the August 9, 2022 Meeting Minutes**

Chair Williams asked if there were any changes or comments to the minutes of the August 9, 2022 meeting minutes.

It was moved by Council Member Kim Bixenstine and seconded by Member James Brady, that the minutes be approved as submitted.

Minutes of the August 9, 2022 meeting were approved as submitted.

\* \* \* \*

**Other**

Member Bixenstine inquired if the City has a self-insurance fund for motorist claims when there is no insurance or under-insured, as it seems it is a recurring situation. Director Middleton responded the City does have a self-insurance fund to pay these claims. In turn, the City collects from insurance companies to replenish the fund.

CAO Chaikin mentioned the Mayor is aware of the two vacancies on this committee and is working to get them filled.

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There being no further business, the meeting was adjourned at 8:12 a.m.

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Earl Williams, Council Member, Chair  
Administration Committee



# SHAKER HEIGHTS

## Memorandum

To: Administration Committee

From: William M. Ondrey Gruber, Director of Law

Cc: Michael Peters, Sustainability Coordinator  
David E. Weiss, Mayor  
Jeri E. Chaikin, Chief Administrative Officer

Date: January 10, 2023

Re: **Gas Aggregation Program Supply Contract**

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### SUMMARY

The City established its own natural gas aggregation program (the “Program”) in 2006, after Shaker’s residents approved a ballot measure supporting an opt-out gas program in November 2003. Since 2006, the City has issued requests for proposals for the gas supply for the Program initially and as each contract expired, and each time the City has contracted with Interstate Gas Supply (IGS), also known as IGS Energy. Also, since the start of the City’s Program, the City has had an agreement with AMPO, Inc. to serve as the City’s Program consultant. AMPO also partners with Palmer Energy for aggregation consulting assistance for its clients.

On March 31, 2023, the City’s current contract with IGS Energy expires, and the City’s Program would end unless the City enters into a new contract with a supplier. The City’s agreement with AMPO for aggregation consulting services would also end at that time unless the City enters a new supplier contract. The deadline for entering into a new contract is the last week of January 2023.

Based on the proposal process conducted by the City’s Program consultants, it is recommended that the City contract with IGS for a period of *up to* 4 years (April 1, 2023 – March 31, 2027). The price and term (i.e. 12 – 48 months) would be set after Council enacts legislation that provides the authority. We could also decide to enter into a 3-4 year contract with a supplier, but only buy gas for now for 1 year, as an example. We would ask Council for flexibility in contracting for a rate and term similar to what was granted for the electric aggregation program.

### BACKGROUND

In November 2003, Shaker Heights voters approved a ballot measure authorizing the City to form an “opt-out” natural gas aggregation program. Ohio law allows a community to hold an election to authorize the establishment of an “opt-out” aggregation program, which means that a community’s program automatically includes all eligible residential and small business customers in the program, unless a customer “opts-out” of the program.

In January 2004, the City solicited proposals from natural gas suppliers, but the City was unable to secure a natural gas price that would provide a reasonable certainty of savings compared to the prices of Dominion, the traditional natural gas provider in our region. The City considered joining the program of the Northeast Ohio Public Energy Council (NOPEC), but decided to form its own program instead. Ultimately, the City contracted with AMPO in October 2005 to assist in establishing a natural gas aggregation program.

On February 27, 2006, City Council approved the City's Plan of Operation and Governance for the City's Natural Gas Aggregation. On April 23, 2006, the City was certified by the Public Utilities Commission of Ohio (PUCO) as a municipal aggregator, and the Program began.

The City has considered whether to join NOPEC several times over the years. Experience with the City's Program has found that the City's gas rate has been below NOPEC's gas rate about 70% of the time over the years. Partly this is due to lower overhead for the City's program. NOPEC costs -- administrative, advertising, legal, and programmatic (including some grants) --- are paid for through the rates charged to participants in the aggregation programs (gas and electric). On top of those costs are the energy costs of and profit for the supplier, which is determined partly by the market and partly by the supplier.

The City's Program includes a fee for the City's consultant (AMPO) and the energy costs of and profit for the supplier. There are no other overhead costs, and the City does not receive any fee or payment from participants in the City's Program.

AMPO, Inc., the City's Program consultant, is a for-profit subsidiary of American Municipal Power, Inc. (AMP). AMP is a nonprofit corporation that serves as a trade group for municipally owned electric distribution companies, such as Cleveland Public Power. AMP also owns and operates electric facilities with the purpose of providing generation, transmission and distribution of electric power and energy to its members. AMP has 133 members in 9 states, including 84 members in Ohio.

AMPO, Inc. was formed in 1998, and it provides natural gas aggregation services for Ohio communities in the Columbia Gas of Ohio, Dominion East Ohio Gas and Vectren Energy Delivery of Ohio service territories. Currently, AMPO, Inc. actively serves 38 communities with gas aggregation services.

The City's Natural Gas Aggregation Program currently has 7,510 participants, with 7,400 residential and 110 commercial participants. The City's program participants receive gas distribution service from Dominion Energy Ohio (DEO).

The City entered into its current Program supply contract with IGS Energy on January 27, 2021, pursuant to the authority granted by Council in Ordinance 21-02, enacted on January 25, 2021. The contract established the rate of \$2.99 per thousand cubic feet (MCF) of gas supply for a two year period from April 1, 2021 through March 31, 2023.

## **PROCESS AND ANALYSIS**

### **Request for Proposal Process**

The City's energy consultants, AMPO, Inc. and their partner, Palmer Energy, sent out a requests for proposals in January 2022 to 12 suppliers for the City's Program for the new contract period starting April 1, 2023. The RFP requested rate proposals for term lengths of 12, 24, 36 or 48 months, commencing with participants' April 2023 gas usage.

There are 5 suppliers that have generally been in the aggregation market in recent years:

- Volunteer (they declared bankruptcy recently),
- AEP (has chosen not to participate in the market recently, similar to their position on electric aggregations),
- Constellation,
- Energy Harbor, and
- IGS Energy.

Three proposals were received in response to the RFP, from IGS, Constellation and Energy Harbor. AMPO/Palmer updated the pricing throughout the year (in July, September, October, November and December). Constellation dropped out during the year, and has apparently decided, like AEP, not to submit pricing for aggregation programs.

That left IGS and Energy Harbor. IGS Energy’s pricing for all 4 terms has been lower than Energy Harbor’s pricing each time that AMPO/Palmer refreshed pricing. All of the prices proposed are significantly higher than the City’s current rate of \$2.99 per thousand cubic feet (MCF) of gas.

**Pricing by IGS (\$ per MCF):**

IGS Energy has proposed to provide the supply for the City’s Program as follows:

Term:	Price Date:					
	2/25/22	7/15/22	9/23/22	10/22/22	11/18/22	12/4/22
12 months	3.88	5.28	5.96	5.79	5.93	6.23
24 months	3.82	5.19	5.75	5.59	5.72	5.79
36 months	3.79	5.13	5.67	5.54	5.66	5.69
48 months	3.81	5.09	5.61	5.48	5.62	5.65

The market right now is about the same as the pricing was in October (about \$5.80 for 12 months and \$5.60 for 24 months).

For comparison as to what the pricing is currently being offered by other suppliers and aggregations:

- NOPEC Gas Aggregation Price - \$7.99 starting December 2022 (the period of that rate is unknown).
- Standard Choice Offer (SCO) of Dominion [the default rate] - \$6.89 (for 12/1/22 thru 1/12/23)
- Sample of individual customer contract pricing on the PUCO website (not aggregation pricing):
  - Typical 12 month rates – \$6.97 - \$9.98
  - Typical 24 month rates – \$6.37 – \$7.99
  - Typical 36 month rates – \$6.78 – \$9.99
  - Typical 48 month rates – \$6.79 – \$7.08

**Analysis of IGS Energy**

The City has always considered the following in selecting a supplier:

1. Price;
2. Customer service:
  - customer call center track record and experience;
  - responsiveness to complaints and issues;
  - satisfaction of residents and businesses;
  - willingness to offer a notice to customers of other suppliers (an “opt-in” notice), so all City residents have an opportunity to join the aggregation;
  - flexibility on re-opening the aggregation to allow new members (e.g. new residents); and
  - policy on early cancellation and whether there is an early termination fee (IGS charges no early cancellation fee);
3. Ease of working with the City (including flexibility in pricing; i.e. will allow a mix of variable and fixed, and/or different summer and winter rates, in order to respond to market fluctuations and volatility);
4. Responsiveness to City concerns; and
5. Working with the City closely on notices to customers.

The City and its residents have received excellent service from IGS over the past sixteen years, and the City has been able to offer competitive rates for natural gas. IGS has been very flexible in its willingness to work with our consultant AMPO and the City to make gas purchases for various periods to take the best advantage possible of market conditions. The IGS competitive rates, combined with its flexibility and excellent service, present a good reason to remain with IGS.

## **Contract for Renewal of the City's Program**

In order to continue the City's Program without any disruption requires that a contract be entered into with IGS by the last week of January 2023. The PUCO and Dominion Energy require a long lead time relative to an aggregation program renewal date.

For an April 1 start date to renew the Program, customers must be enrolled on their respective March meter reads (which generally occurs anywhere from March 3 to April 4). To accomplish this, the supplier must submit account enrollments to Dominion Energy around February 27 to March 2. In order to enroll participants, the supplier must first send out an opt-out letter advising eligible residents and small businesses of the rate, terms, and their right to opt-out if they wish.

Ohio law requires that the opt-out letter to prospective participants must be mailed out 21-days prior to enrollment. Thus, for enrollment by the end of February, the opt-out letter must be issued around the first week of February (with the deadline for residents to opt-out being the final week of February). The letter must first be filed with the PUCO 10 days prior to issuance (around the final week in January). The opt-out letter is created by the supplier and approved as to its form by the City. The letter must first be sent to the supplier's printer to prep for mass mailing.

### **RECOMMENDATION**

Based on the proposals of IGS providing the lowest rates, AMPO/Palmer recommends that the City contract with IGS Energy for a fixed rate for a term up to 48 months. Thus, it is recommended that the City enter into a contract of up to 4 years with IGS Energy for natural gas supply for the Aggregation Program.

The key points in support of this recommendation are:

1. The City has 16 years' experience with IGS as the City's supplier, and their track record for customer service and responsiveness to the City's and customers' needs has been excellent.
2. There is no cost directly to the City in contracting with IGS to serve the Program. The City's facilities that are on the Program may be switched to alternative suppliers if the City finds a better rate.
3. IGS has, through an RFP process, offered a rate that is the most competitive.
4. Participants in the Program may opt out or join at any time without a cancellation or sign-up fee.

Therefore, it is requested that the Administration Committee recommend that Council should enact legislation to authorize the Administration to enter into a contract with IGS Energy as the supplier for the City's Natural Gas Aggregation Program for a period up to 4 years (that is, potentially from April 1, 2023, through March 31, 2027). The price and term would be set after Council provides authority depending on the market.