

Gas Committee Meeting – October 29, 2018

The Gas Committee of the City of Aledo met in Open Session in the Council Chambers of the City Hall building on October 29, 2018. Gas Committee Chairmen TERRY BEWLEY called the meeting to order at 6:41 P.M. The roll was called, whereupon the following committee members answered present:

Aldermen TERRY BEWLEY, BARRY COOPER, and CHRIS KOPP. MAYOR HAGLOCH.

Also present were ILA BERTRAND, Alderman, JAY DOHERTY, Alderman, JIM HOLMES, Alderman, ERIN KNACKSTEDT, City Administrator, CHRIS SULLIVAN, Chief of Police, JUSTIN BLASER, Director of Public Works, TARAH SIPES, EDC, SANDY BULL, City Treasurer, CINDY PARCHERT, Assistant Finance Director, and JAROD DALE, City Clerk.

The following was discussed:

Approval of Minutes: Motion was made by ALD. Cooper and seconded by ALD. Kopp to approve the Gas Committee minutes of 08/13/18 as presented. A Unanimous voice vote followed in agreement.

Old Business: ALD. Doherty encouraged all city council members to re-evaluate the out-of-town rates regarding agricultural properties of 10-acres. ALD. Bewley requested a gas committee meeting be scheduled to further discuss the item at the next regularly schedule city council meeting.

New Business: *Discussion on the Proposal for USDI's ESRI Based Pipeline Safety Compliance Program:* DPW Blaser reported the City has slowly been converting all utility mapping into digital format. The Water/Sewer Division has completed this through ESRI. ESRI is an international supplier of geographic information system software, web GIS and geodatabase management applications. This mapping system allows any Division to perform a variety of functions remotely from a phone, tablet, and other digital devices, in lieu of carrying paper maps in the field.

The Gas Division has a proposal from USDI to set-up and install this system. The proposal and description of the program was provided for the Committee to review. Staff noted the item could be purchased in F/Y 18 and implemented during the winter months.

Cost of Services: Data conversion, setup, implementation and training: \$3,000 1-time fee; and,
Support Services, 1-Level ESRI User License's, updates: \$4,750 per year.

Motion was made by ALD. Cooper and seconded by ALD. Kopp to recommend the purchase of USDI's ESRI Based Pipeline Safety Compliance Program in the amount of \$7,750 and send to the City Council for final approval. A Unanimous voice vote followed in agreement.

Discussion on the Natural Gas Purchase Discount Program by UGM: DPW Blaser reported Utility Gas Management (UGM) has offered all private municipally owned gas systems an opportunity to purchase natural gas at a discount rate program. Information regarding the program is as follows:

The "net" discount we anticipate each town/city receiving is approximately \$.25 - \$.35/dth for volumes committed to the program after any and all fees.

We are targeting roughly 70-75% of all volumes used currently will be committed to the program (you can choose your town/city volume level).

The targeted volumes have been distributed to all those that attended the meeting. Please contact me if you don't have your target volumes or if your target volumes need revised.

You can reduce your committed volumes to the program if you'd like, but once they are set they are committed for the initial 5-7 year period.

The first discount period will range from 5-7 years depending on what term in that 5-7 year window creates the biggest discount opportunity.

Even though it is called a "prepay" program there is NO prepayment by any participant for any volumes.

Bonds will be issued and sold associated with this discount program, but NO participant has any debt obligation.

Participants are only required to use and pay for the volumes committed to the program as they are used. Unused volumes can be utilized by other participants.

The term of the discount program contract is 30 years, but each participant has the option to "opt out" for each reset period so there is NO volume commitment beyond the initial 5-7 year term.

PEFA will be the organization issuing the prepayment of the gas supply to J. Aron (physical supplier of the program volumes).

Additional fees associated with the discount program assessed by PEFA/UGM are limited to the volumes associated with the discount.

J. Aron is the physical gas supply entity of Goldman Sachs. They will be the physical supplier of the gas and there is NO index premium for supply at the various supply points (creates additional savings of \$.005-\$.02 per dth in addition to the \$.25-\$.35 net discount).

Participants can still hedge volumes if they so choose. The hedges on volumes in the program will receive the discount as well.

You must be a municipally owned gas system to qualify for this program. Private gas companies are NOT eligible to participate.

DPW reported the new discount program would need to be signed by mid-november, 2018. This would require a 30-year commitment from the City. A conference call was held between Ron Ragan, UGM; Mark Walton, City Attorney, DPW Blaser, City Administrator Knackstedt, and City Clerk Dale. It was recommended by City Staff and the City Attorney to not enter into the program due to the term commitment.

After review, a consensus by the Committee to not move forward with the gas purchase discount program proposed by UGM.

ADJOURNMENT: There being no further business, motion was made by ALDERMAN BEWLEY and seconded by ALDERMAN KOPP that the meeting be adjourned. Unanimous voice vote followed in agreement. Meeting was adjourned at 6:52 P.M.

Jarod M. Dale, City Clerk