

## **FINANCE COMMITTEE AGENDA**

**September 7, 2016**

**(Immediately following Business & Economic Development Committee)**

### **1. Consent Agenda**

- a. Ratifying Quitclaim Deed - 156 Elm Street
- b. Quitclaim Deed - 25 Randolph Drive

### **2. Bids/Purchasing**

- a. Request to Waive Bid – Traffic Detection Equipment – Public Works – Highway Tech  
- \$22,320
- b. Sewer Department Roof Insulation – WWTP – Standard Waterproofing - \$46,650
- c. Jet A Refueler (Lease/Purchase) – Airport – SkyMark Refuelers LLC - \$195,000
- d. Building 456 Modifications – Airport – JM Brown - \$191,658
- e. Electricity Supply – Maine Power Options
- f. Fuel Contracts – Dysart's and Maine Energy
- g. Sale of 91 Larkin Street – Jennifer DeGroff - \$2,200



73 Harlow Street  
Bangor, Maine 04401

Treasury Department  
David W. Little  
Tax Collector/Deputy Treasurer

Tel: (207) 992-4290  
Fax: (207) 945-4422  
Email: david.little@bangormaine.gov

To: Members of the Finance Committee  
From: David Little, Tax Collector/Deputy Treasurer  
Date: September 7, 2016  
Re: 156 Elm Street – Noreen Peters

The property located at 156 Elm Street had seven years of outstanding taxes including several matured liens as well as past due utility charges. The total due to the City exceeded \$15,500. The owner, Noreen Peters, had the opportunity to sell the property and at which time, the City would receive payment in full.

Due to the City's matured liens the sale request would typically be brought to the Finance Committee before the sale took place requesting approval of the sale and to accept payment for the City charges. The closing attorney for Ms. Peters indicated that the possibility existed that the sale would fall through if the parties needed to postpone the closing until after tonight's meeting. Various City staff were consulted on the situation and it was determined that allowing the sale to go through as scheduled was in the best interest of the City.

The sale has been completed and the City received payment in full of all charges. Tonight's request is for the Committee to ratify staff's actions. Upon approval a resolve to approve the issuance of a quitclaim deed will be scheduled for the September 12<sup>th</sup> Council Meeting.

Staff recommends approval.



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Bangor, Maine 04401

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Fax: (207) 945-4422  
Email: david.little@bangormaine.gov

To: Members of the Finance Committee  
From: David Little, Tax Collector/Deputy Treasurer  
Date: September 7, 2016  
Re: 25 Randolph Drive – Kenneth and Nancy Milliken

The City has been informed that a closing has been scheduled for the property located at 25 Randolph Drive. The property currently has ten years of outstanding taxes including several matured liens as well as past due utility charges and CDBG loans. The total due to the City exceeds \$72,600. At the time of the closing the City will receive payment of all charges due.

With Committee approval the closing, currently scheduled for September 9, 2016, will proceed and staff will accept and apply payment in full of all charges. Staff anticipates approval of a quitclaim deed to be scheduled for the full Council meeting on September 12<sup>th</sup>.

Staff recommends approval.



530 MAINE AVE.  
BANGOR, MAINE 04401  
TEL: 207/992-4501

PUBLIC SERVICES DEPARTMENT – OPERATION and MAINTENANCE  
Dana R. Wardwell, Director

September 7, 2016

Re: Two projects;

1. Bacts Cumberland Street and Harlow Street intersection detection equipment
2. Bacts Broadway and Griffin/Burleigh Road intersection detection equipment

Dear Members of the Finance Committee,

The city is locally administering two BACTS projects to install new traffic detection equipment at the intersection of Harlow and Cumberland Street as well as Broadway and Griffin Road/Burleigh Road intersections. Traffic Cam is the standard equipment the city uses for traffic detection. Highway Tech is the sole vender for traffic equipment in Maine. This detection equipment costs \$11,160 for each intersection for a total of \$22,320. These projects are funded with 80% federal and 10%state money and require a 10% match of city funds in the amount of \$2,320. Staff recommends waiving the bid process to purchase this traffic cam detection equipment.

Sincerely Yours,

Dana Wardwell  
Public Works Director



## CITY OF BANGOR AWARD RECOMMENDATION

**BID ITEMS:** Sewer Department Roof Insulation

**DEPARTMENT:** WWTP

**BUDGET AMOUNT:** 50,000                      **AMOUNT OF AWARD:** 46,650  
\_\_\_\_\_  
\_\_\_\_\_

**ACCOUNT NUMBER:** 8003-91008700  
\_\_\_\_\_

**VENDOR(S) RECOMMENDED:** Standard Waterproofing

**Past Experience with Vendor :**    **Excellent**    **Good**    **Fair**  
 **Poor**    **None**

No prior experience with vendor, references were verified.

**OTHER COMMENTS:**

Recommendation is to award the bid to the low bidder, Standard Waterproofing, in the amount of \$46,650.

**City of Bangor**

**Bid Tabulation**

**Proposal: Bangor Sewer Dept. Roof Insulation**

**Bid Opening: 8/17/16**

		<b>Standard Waterproofing, Inc. Waterville, ME</b>	<b>R.R. Building Garland, ME</b>
<b>Description</b>	<b>Unit</b>		
Bangor Sewer Roof Insulation Work	Lump Sum	\$46,650.00	\$58,500.00



## CITY OF BANGOR AWARD RECOMMENDATION

**BID ITEMS:** Jet A Refueling Truck

**DEPARTMENT:** Airport

**BUDGET AMOUNT:** 55,000                      **AMOUNT OF AWARD:** TBD  
\_\_\_\_\_  
\_\_\_\_\_

**ACCOUNT NUMBER:** 8508-73020700  
\_\_\_\_\_

**VENDOR(S) RECOMMENDED:** StarMark Refuelers, LLC

**Past Experience with Vendor :**    **Excellent**    **Good**    **Fair**

**Poor**    **None**

References verified by BIA staff

**OTHER COMMENTS:**

This bid is to acquire a Jet A refueling truck through a five year lease purchase arrangement. The equipment pricing submitted is accurate at \$195,000 however, the annual lease payment is inaccurate. BIA staff is working with the vendor to obtain an updated annual lease figure. This information will be reviewed with the Finance Committee. However, as this purchase exceeds \$100,000 it will require Council approval, so staff wanted to put this item on for the Committee agenda so that provided the additional information is acceptable, the item could be on the next Council meeting agenda. Staff recommendation is to award the contract to StarMark Refuelers, LLC, the low bidder.

**City of Bangor Bid Tabulation**

**Bid No.: Jet A Refueler**

**Bid Opening: 8/19/16**

		<b>SkyMark Refuelers, LLC</b> Kansas City, KS 66105	<b>Garsite/Progress, LLC</b> Kansas City, KS
<b>Item</b>	<b>Description</b>	<b>Total Price</b>	<b>Total Price</b>
1	Jet A Refueler Total Price	\$265,000.00	\$289,440.00
2	Less: trade-in for two (2) used tankers	\$70,000.00	\$42,000.00
	<b>Net (Line 1 minus Line 2)</b>	<b>\$195,000.00</b>	<b>\$247,440.00</b>
3	Annual Lease Payment Amount	\$31,800.00	\$52,762.36
	Year/Make/Model	2016 SkyMark 7k-450-J-MRSC	2017 International 7400



## CITY OF BANGOR AWARD RECOMMENDATION

**BID ITEMS:** Bldg 456 Fuel Containment Bldg Modifications

**DEPARTMENT:** Airport

**BUDGET AMOUNT:** 191,658                      **AMOUNT OF AWARD:** 191,658  
\_\_\_\_\_  
\_\_\_\_\_

**ACCOUNT NUMBER:** 8504-91003250  
\_\_\_\_\_

**VENDOR(S) RECOMMENDED:** JM Brown General Contractor

**Past Experience with Vendor :**     **Excellent**     **Good**     **Fair**  
    **Poor**                     **None**

**OTHER COMMENTS:**

Recommendation is to award the bid to the low bidder, JM Brown General Contractor, in the amount of \$191,658. As this contract is in excess of \$100,000 it will require Council approval.

**City of Bangor Bid Tabulation**

**Bid: Bldg 456, Fuel Containment Building Modification**

**Bid Opening: 8/31/16**

		<b>The Sheridan Corporation Fairfield, ME</b>	<b>Peachey Builders Augusta, ME</b>	<b>Ganneston Construction Corp. Augusta, ME</b>
<b>Item</b>	<b>Description</b>	<b>Total Price</b>	<b>Total Price</b>	<b>Total Price</b>
1	Modification of Existing Building	\$205,473	\$193,987	\$248,957
	Warranty:	1 year	1 year	1 year
	Number of days to complete:	60 days	42 days	90 calendar days

		<b>Bowman Contractors Newport, ME</b>	<b>JM Brown General Contractor Hermon, ME</b>
<b>Item</b>	<b>Description</b>	<b>Total Price</b>	<b>Total Price</b>
1	Modification of Existing Building	\$215,500	\$191,658
	Warranty:	1 year	1 year
	Number of days to complete:	90 days	12 working days

**To: Finance Committee**  
**From: Debbie Cyr**  
**Date: August 31, 2016**  
**RE: Electricity Supply Contracting Options**

For some time, the City of Bangor has been a member of Maine Power Options (MPO). MPO is a member-based not-for-profit energy consortium in existence since deregulation occurred in 2000, which is co-sponsored by the Maine Municipal Bond Bank and by Maine Health and Higher Educational Facilities Authority. They provide competitive electricity supply options with reliable, secure terms and conditions for over 400 members including municipalities, schools, universities, hospitals and other non-profits.

Electricity supply markets in New England reflect pricing driven by wholesale costs to produce Electricity (generation) and by regulatory and market related costs which create the overall price paid by the consumer. These expenses can be broken out into Energy costs and Non-energy costs.

Energy costs are reasonably transparent and since suppliers all need to purchase from the same source the potential for similar pricing when comparing similar load profiles will occur. These prices can be seen in futures prices listing for ISO-Ne (Independent System Operator for New England) and also in real-time pricing reports released by ISO-Ne.

Non-Energy components then reflect all of the Federal Energy Commission (FERC) surcharges, all of the various ISO-Ne charges (Ancillary, Congestion, Winter reliability, Renewable Portfolio services) and the market based charges like Forward Capacity. Collectively all of these charges are included in the overall rate to the consumer, only capacity has some degree of control by the end-user. While these prices can be seen through ISO-Ne reports the ongoing refinement of these charges requires dedication to ensure all charges are included in contract rates.

Licensed suppliers in Maine own the generation (in most cases) and can sell directly to consumers, to associations or aggregations like MPO or to brokers. They will not bid against themselves so if a customer is contracted with them through a direct-sales channel a competing broker could not provide pricing from that supplier unless the customer signs an exclusive agreement with the broker. This exclusive agreement transfers the right to choose from customer to brokers.

The City is constantly approached by a variety of brokers regarding the City's electricity supply contracts. Brokers have the ability to provide a multitude of services from procurement, to budgeting, management as well as on-site project consulting. In a meeting with a broker this year, it was clear brokers have a lot to offer customers. They will obtain pricing from multiple suppliers based on the customer's need and time frame. However, one downfall is that supply contract language is negotiated after the customer commits to the provider. I also inquired as to the broker's ability to exact concessions from suppliers if necessary, the broker indicated that they are able to gain concessions on contract issues. In addition, brokers typically require an exclusive contract and are paid based on the number of KWHs under contract.

MPO operates slightly differently. They develop a competitive bid process to select a provider for a term using criteria of price, service, contract options and willingness to negotiate terms of the contract. This

allows MPO staff and a team of members to review potential supplier's options and agreed to terms, as well as the fixed fee that will be paid to MPO regardless of KWHs under contract. This process allows members to obtain supply from a predetermined supplier with known terms and conditions. Lastly, members do not have to sign an exclusive agreement.

In recent years the terms and conditions statements have come under increased scrutiny in efforts to protect the consumer. Typically, a supplier has a standard set of conditions for all consumers and also for brokers, pricing will vary but these conditions do not. The exception to this is MPO; who routinely negotiates the terms and conditions of the agreements to ensure reliability, security and protection.

Standard agreements have some clauses which can create expensive surprises to consumers.

1. Most agreements have early termination clauses, if an account closes early the difference between contract rate and market rate is owed to the supplier and in some cases the broker also
2. Most agreements expect that your current annual usage will remain close to the same level; if usage drops you may incur penalties, if you exceed usage that excess could be settled at market rates. In the industry this is referred to as 'bandwidth'. MPO does not have this clause in their agreement.

MPO has also added conditions reflecting a growing need to add renewable 'behind the meter' generation (such items as Solar arrays, Aerobic Digesters etc). When these are added or tied to the grid account (s) consumption levels decrease, MPO makes sure that if these are added that no surcharges or penalties can be levied as long as these items are disclosed when they are operational.

When MPO began as a licensed competitive aggregator, there were about ten licensed suppliers and about the same number of brokers, today we see almost ten retail suppliers and hundreds of brokers. In recent years we have seen a number of suppliers take over other suppliers (Constellation took over Integrys), others merge and others go bankrupt (Glacial Energy). Selecting a supplier where terms can be negotiated, where corporate guarantees can be made and ensuring good service takes on growing importance.

While the deregulation of the industry created more opportunities for the City to realize cost savings and stabilize budgets, it also presented a significant challenge. This industry, while still highly regulated, is also highly specialized. City staff does not have the knowledge or background to navigate the electricity supply market alone. MPO has in essence, served as our consultant for energy supply. MPO has the market knowledge, provides consumer support, actively reviews market conditions and trends, and possesses the specialized knowledge necessary to ensure the City's best interest. City staff is always looking to procure the best value for our citizens and provide budget stability. Staff recommendation is to remain with MPO for the reasons outlined above, but we did want the Committee to be aware of the other options as the marketplace has changed in recent years.

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**COUNCIL ACTION**

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Item No. 16-XXX

Date: September 12, 2016

**Item/Subject: Order, Authorizing the Execution of Fixed Rate Pricing Contracts with the City's Current Fuel Suppliers**

**Responsible Department:** Finance

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**Commentary:**

The attached order would authorize the Finance Director or City Manager to execute fixed rate pricing contracts and extend the contract term with the City's current fuel suppliers for purchases through June 30, 2018. The expiring contract does not provide for a fixed rate. However, the City's fuel supplier has offered the City the opportunity to have a fixed rate for up to eighteen months into the future.

Both of the City's current fuel vendors, Maine Energy and Dysarts, have the ability to provide fixed pricing for diesel gasoline, heating oil and propane.

This is a method the City employed during the last two years. FY 2017's average price for diesel deliveries is \$1.60/ gallon.

As timing may be of the essence to capture the current favorable market pricing, the intent would be to minimize the downside risk to the City. If recommended by the Committee and approved by the Council, staff will provide an update at the next Finance Committee meeting following any such action.

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Department Head

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**Manager's Comments:**

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City Manager

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**Associated Information:**

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**Budget Approval:**

\_\_\_\_\_  
Finance Director

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**Legal Approval:**

\_\_\_\_\_  
City Solicitor

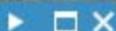
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 Passage  
 First Reading  
 Referral

Page \_\_ of \_\_



(1 of 2)



## LARKIN ST

TAX\_ACCT 6976

MAPLOTUNIT 025-090

OWNER BANGOR CITY OF

OWNER2

OWN\_ADD1 ATTN COMM ECON DEV -  
NSP/TAP 73 HARLOW  
STREET

OWN\_ADD2 BANGOR ME 04401

ACRES 0.17

Attachments:

[6976.pdf](#)

[Zoom to](#)

