

City of Bristol CT
Purchasing Committee for the Board of Finance
Meeting Minutes – November 17, 2022

A Meeting of the Purchasing Committee of the Board of Finance was held on November 17, 2022 at 5:15pm in the IT Meeting Room within City Hall West (131 North Main Street).
Present: David Maikowski, Ron Burns, and Mark Whitford (via Zoom).
Also Present: Purchasing Agent Roger Rousseau and Comptroller Diane Waldron.

Meeting was called to order at 5:16 pm.

Public Participation.

There was no public participation.

To discuss materials and services with potential impact to FY2022-2023 budget and/or delivery constraints, and to take any action as necessary.

Roger Rousseau provided background on the contracts for water and wastewater treatment chemicals, valid for the period through November 2023. Typically, the operations for both the water treatment facility and water pollution control facility use a significant amount of various chemicals in treatment of materials; the value of these purchases is approximately \$1M. Although some chemicals experienced minor price increases in the 5% range, primary used products experienced significant price escalations, showing an overall increase in product costs of 40%, or an additional \$400,000.00.

A second major impact to the sewer operating costs relates to the cost for disposal of sludge material, which has previously been brought to a facility in Naugatuck for use in an energy generation facility at a cost of \$65.00 per wet ton. Regulatory changes has prompted the closing of the operation at the facility for Bristol's material; the new contract has a cost of \$129.50 per wet ton. The impact to the WPC's budget is calculated to be \$570,000.00.

Although these cost increases do not directly impact the City's operating budget since these operations are enterprise funds, these costs do potentially impact residents in the form of rate increases for water and sewer charges.

The cost for gasoline for this fiscal year was projected to be \$2.50 per gallon. Since contracts for gasoline through December 2022 were finalized after the economic forecast publication, information on the per gallon cost of \$2.17 was not included; the overall projection remains unchanged as in the short term, increases to gasoline costs for the next six months will balance the disparity.

Increased gasoline prices have been a topic of discussion in news outlets; according to information provided by the State of CT, prices for gasoline coming into the New Haven Harbor Terminal increased 25 cents from September 16th to October 16th, but the same index shows virtually no increase in the month from October 16th to November 16th, indicating short term stability is returning. Indexes for the futures markets for the period January 2023 to December 2023 are showing an average per gallon cost of \$2.44. If this trend continues, the City's forecast would likely show no major change to its forecast for this product.

Diesel fuel costs created havoc for FY2023 budgets; the economic forecast anticipated a per gallon cost of \$2.41, with contracts for diesel (and heating fuel) expected to be finalized in March 2022. International conditions drove costs exorbitantly high; the City did not finalize its contract until June, at a per gallon price of \$3.78. Prices have started to drop; on October 17th, the cost coming into New Haven was \$5.0101, and on November 16th the cost dropped to \$4.3454 (roughly a drop of 66 cents per gallon). This is still a notably high price.

Assuming no new major international disruptions, the futures indexes show an average per gallon cost of \$2.84 for FY2024. This number is not a true reflection of where costs will be, as there are no indexes published for the critical heating months of February, March and April 2024 (due to the indexes' relationships with #2 heating fuel). Once the indexes start to emerge, a better analysis of future costs can be provided. At minimum, budgets would see an increase to projections from \$2.41 to \$2.89, for Bristol's approximately 300,000 gallons used.

Mark Whitford asked if curbs on consumption would help alleviate increased fuel costs; the question will be referred to departments using these fuels for consideration. It was noted that school buses owned by First Student are beginning a transition from diesel-powered buses to gasoline-powered buses; new contracts will be planned to accommodate this five year transition plan.

A recent news story on National Public Radio outlined the international shortage of transformers, impacted both by a high demand for transformers and restricted capacity to produce these devices. Although this condition creates higher costs for the equipment, its impact is indirect through electricity providers (as evidenced by the announcement on November 17, 2022 by Eversource that it is seeking increase to its distribution rates of 50%). The story reinforced statements by Eversource that the new transformer for the new City Hall will not be received and installed prior to the building's completion in October 2023.

Adjournment.

There being no other business, the meeting adjourned at 5:56 pm.