

**Board of Selectmen's Meeting
April 9, 2019 – 2:00 PM
Town Administrator's Conference Room
155 Village Street**

Present: Dennis Crowley Chair; John Foresto, Vice Chair; Glenn Trindade, Member.

Absent: Richard D'Innocenzo, Clerk; Maryjane White, Member.

Staff Present: Michael Boynton, Town Administrator; Carol Pratt, Finance Director; Dave D'Amico, Director, Department of Public Services (DPS); Peter Pelletier, Deputy Director, DPS.

Others Present: Bryan Jarvis, Owner's Project Manager, Compass Project Management.

At 2:00 PM Selectman Crowley called the meeting to order and led the Pledge of Allegiance.

Discussion: New Department of Public Services Facility Bid Results

The Board reviewed the bid results/project budget dated April 4, 2019.

Town Administrator Boynton reported that last week, the bids came in higher than anticipated on the project, however, the solar piece came in a lot lower stating we are trending towards moving forward with the solar piece. He stated there was a fantastic presentation yesterday by Solec Energy regarding their Power Purchase Agreement (PPA). He reported that they do everything noting: (1) the supply cost of 9.5 cents per kilowatt hour at a twenty year flat rate, (2) the delivery rate from Eversource would still be required, and (3) the delivery expense should decrease based on the decrease demand due to the generated solar energy. He stated we are looking at a \$100,000 delta over twenty years and Solec Energy assumes all responsibility. He noted if we do not do this, then the Town would assume all responsibility. Mr. Boynton reported Solec Energy currently has PPA's with 60 communities and has over 400 systems in the state. Selectman Foresto asked if where they are making money is in tax credits. This was confirmed. Mr. Boynton stated we would need to have the contract ready directly after Town Meeting and a decision on which way to proceed with solar now, as that will determine the award to the low filed electrical sub-bid. He then noted on the Total Project Budget working draft spreadsheet dated April 8th, the total new funding required of \$13,225,000 is with the lower electrical base bid without solar.

Selectman Crowley asked what the anticipated savings on the electric bill would be with the PPA. Ms. Pratt reviewed the twenty year overall cost: (1) the purchase cost would be \$800,000, (2) the PPA cost would be \$912,000, and (3) a total of \$1.6 million without solar. She then reviewed the difference between the solar installation costs comparing the PPA versus the Town purchase. Mr. Boynton noted the additional costs of maintenance and insurance of the solar panels to the Town for a purchase versus PPA. He then explained how the twenty year borrowing cost of \$927,797 to purchase the panels was derived. Mr. D'Amico noted that the overall price of the DPS project goes up if we move forward with solar. Selectman Crowley noted that with the PPA, we would borrow less money and pay an annual fee. Selectman Foresto noted there is less risk to the Town with the PPA. Selectman Foresto stated his concern that the ownership of the high school solar panels has changed three times since installation. Mr. Boynton noted that Mr. Ellsworth stated that we are basically spending \$900,000 to get free energy. Selectman Trindade asked for confirmation that the Town does not borrow any money if we go with the PPA. Mr. Boynton confirmed. Selectman Foresto asked if we lose the opportunity for battery storage.

Mr. D'Amico stated no. Selectman Crowley asked for the estimated cost of the electric bill. Ms. Pratt explained that, with either scenario, the delivery cost via Eversource remains at an estimated \$300,000 and the savings impact is on the supply cost. Mr. Boynton pointed out we would also be saving on the interest on the money we would not be borrowing. Selectman Foresto asked about the risk for the twenty year contract. Mr. Boynton stated we have had no issues with the panels at the Fire Station or the schools. Selectman Crowley asked if we decide on the PPA, would this need to go out to bid. Mr. Boynton stated no as we would go with the State power option bids. He noted that in going with the PPA, the company would: (1) have control of the property (solar panels), (2) file the interconnect agreement with Eversource, and (3) implement the PILOT (payment in lieu of taxes) agreement. He further explained that the Department of Revenue has determined that they are not tax exempt and the panels are considered taxable as personal property hence the need for the PILOT agreement. Selectman Foresto asked about the quality difference between the two lowest electrical bidders. Mr. Boynton stated his concern about the \$300,000 difference between the two. Mr. Jarvis stated he spoke with the lowest bidder about this concern and they confirmed that they stand by their costs.

Selectman Foresto asked for the amount of potential grant funding we would be walking away from if choosing the PPA. Mr. Boynton stated we have never received an actual number. Selectman Foresto noted the difficulty in completing an interconnect agreement with Eversource as a benefit of having the PPA complete this work. Selectman Crowley asked what happens if they go out of business during the twenty year contract term. Mr. Boynton stated they are working on three schools with the Town of Brookline and the DPW and the schools with the Town of Winchester. Mr. Boynton then reviewed the timeline of when the Finance Committee needs to receive the final warrant and the need for a decision by the Board today. Selectman Trindade asked if the solar panels will provide enough energy to cover the facility's total usage. Mr. Jarvis explained that this is a net metering agreement so month to month they may not provide enough but should be by the end of the year. Selectman Crowley asked what happens if at the end of year there is extra energy stored. Mr. Jarvis explained this is a month to month rolling not a yearly rolling. There was further discussion on the: (1) impact of the project if this is not approved at Town Meeting, (2) the need to wait until May to enter into the PPA with Solect Energy, (3) the options and associated costs for selecting various base bids plus alternatives, and (4) the risk to the Town to purchase the solar panels versus enter into the PPA. Mr. Boynton stated his belief of greater risk for the Town to own the solar panels and complete all the necessary paperwork versus entering into a PPA. Selectman Foresto stated his agreement but also his concern on how to protect future risk. Mr. Boynton noted the success of the PPAs for the school buildings. Selectman Foresto noted the Middle School is self-sufficient and the High School is not due to the air conditioning load. Mr. Jarvis noted that the majority of the new DPS facility is not air conditioned. Mr. Boynton explained the update to the Annual Town Meeting warrant articles. Selectman Foresto asked if this all needed to be included in the May Town Meeting. There was further discussion on the impact of waiting until Fall Town Meeting for the PILOT. Mr. D'Amico noted Solect Energy would immediately begin working on the interconnect agreement before an official Town Meeting vote. Selectman Crowley asked for confirmation that each additional cent of cost per kWh translates to \$3,000 in annual leasing cost. Ms. Pratt confirmed. Selectman Foresto noted the PPA would save \$1million in debt. There was further discussion on how the PPA would impact the job site coordination with the contractor for site access and project completion for installation of the solar panels. Mr. Jarvis explained the various options noting that worst case scenario would be a possible additional one month for project completion. There was further discussion on the pros and cons of purchase versus a PPA and how the contract award is impacted should the PPA option not come to fruition post award. Selectman Foresto noted that the solar installation could be completed after the completion of the building. There was discussion about the efficacy of including the total \$14 million in the warrant article and to explain the potential of not needing the entire amount based on the PPA negotiation. There was agreement by all to change the

total amount in the article and ask that Solect Energy meet with the Board Chair. Selectman Trindade noted this company also worked with Haverhill on their City Hall and Medford on their DPW building stating he will reach out to these other communities with the concerns voiced in today's meeting.

Selectman Crowley requested the following changes to the warrant articles: (1) the new number of \$14 million to replace \$13,225,000 in Article 10, (2) the word facilities be replaced with array in Articles 11 and 12, and (3) a term of up to 30 years be changed to 20 years in Article 12 to be consistent with the term in Article 11.

Selectman Trindade moved that the Board vote to reopen the Annual Town Meeting warrant and change it to reflect the previous discussion. Town Administrator Boynton requested that he utilize the specific language provided for the actual motion. **Selectman Trindade moved to rescind the prior motion. Selectman Foresto seconded. No Discussion. VOTE: 3-0-0.**

Selectman Trindade moved that the Board of Selectmen vote to reopen the Annual Town Meeting warrant for the purposes of removing the solar array purchase article, formerly Article 11, renumbering Article 12 (Solar Lease) as Article 11, and inserting a PILOT authorization article for a solar facility to be Article 12, and further to then close the warrant. Selectman Foresto seconded. No Discussion. VOTE: 3-0-0.

At 3:00 PM Selectman Trindade moved to adjourn. Selectman Foresto seconded. VOTE: 3-0-0.

Respectfully submitted,
Liz Langley
Administrative Assistant
Town Administrator's Office