

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, April 27, 2017

6:30 PM

Council Chambers

Members Present:

Carl B. Jacobs, Vice-Chair
Thomas F. Powers
Terry M. Clark
Bettina Chadbourne

Councilors Present

Councilor George Hansel

Staff Present:

City Manager Med Kopczynski
Attorney Thomas Mullins
Asst. City Manager/Planning Director
Rhett Lamb
Public Works Director Kurt Blomquist
City Engineer Don Lussier
Asst. Public Works Director Duncan
Watson
Parks, Recreation and Facilities Director
Andrew Bohannon
Library Director, Nancy Vincent
Asst. City Manager/IMS Director,
Rebecca Landry
City Assessor, Daniel Langille

Chair Greenwald called the meeting to order at 6:30 PM.

1) Acceptance of Donations to Library Renovation Project - Campaign Manager for the Next Chapter

Library Renovation Project Campaign Manager Patty Farmer she was before the Committee regarding the next installment deposit into the Cambridge Trust Account in the amount of \$134,151.30 for January, February and March as part of the Next Chapter Campaign Drive. Councilor Powers asked whether this means the actual amount would be \$268,000 because of the challenge grant. Ms. Farmer stated not exactly because this amount also includes pledges that were made prior to January 11. She added however, since January approximately \$130,000 has been matched.

Councilor Clark extended his appreciation to the Friends of the Library for their efforts.

Councilor Clark made the following motion which was seconded by Councilor Powers.

On 5-0 vote, the Finance, Organization and Personnel Committee recommended acceptance of donations totaling \$134,151.30 as listed in the January, February and March statements of the Cambridge Trust Bank, with the funds deposited into the Library

Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

2) Acceptance of Donation - Parks, Recreation and Facilities Department

Parks, Recreation and Facilities Director Andrew Bohannon stated this donation from Antioch University New England (AUNE) and Pathways for Keene is for bicycle repair stations which funds are matched by the City. Students from AUNE have expressed interest in making some improvement behind the university on the trail system; AUNE has a high bicycle riding population and wanted to come up with a repair station. The students expressed interest in locating additional stations in other places in the city as well. The University has purchased three of these stations; Pathways for Keene is providing funding for one, the city is providing funding for the second and AUNE for the third. The value of the three units is approximately \$4,500, and the City's portion is \$1,600.

Councilor Hansel stated the City of Manchester is putting something similar in place and stated he was glad we have this great asset in Keene which sets us apart.

Councilor Powers made the following motion which was seconded by Councilor Clark.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept the donation of two bike repair stations from Antioch New England University and Pathways for Keene. The bike stations will be placed along the Rail Trail and in the downtown footprint area.

3) Lease Agreement - Transportation Center - Parks, Recreation and Facilities Department

Mr. Bohannon stated this item is for a lease amendment with YOLO Ice Cream shop which tenant leases space within the Transportation Center. Mr. Bohannon made note to language within the recommendation which should read as "lease amendment" and the second paragraph of the background notes should read as \$100 not \$1,000.

Chair Greenwald stated there is much negotiation that goes into these lease agreements and the numbers indicated in the background notes are not always the final number; there is always negotiation that happens between the City Manager and the tenant.

Councilor Jacobs clarified this is a monthly rent. Mr. Bohannon agreed. Chair Greenwald noted Yolo has been a good tenant and they have been an asset to the downtown.

Councilor Jacobs made the following motion which was seconded by Councilor Chadbourne.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to negotiate and execute a lease amendment with Christos Georgiadis for space located at the Transportation Center.

The Manager stated Mr. Bohannon has had to pick up the task of taking care of some of these leases and thanked him for this additional work.

4) Biofuel Generator Project - Option Update Report - Public Works Department

Asst. City Manager/Planning Director Rhett Lamb began by introducing Charlie Herr of WV Engineering. Mr. Lamb stated in the Fall of 2016 staff came to Council regarding providing power at the transfer station indicating another source of energy needed to be found. This facility has been operating on a generator since 1994 to provide three phase electrical power off the landfill gas. This system is no longer viable for the long run due to the decline in landfill gas; currently it operates at 70% during the warmer months and 40% during the colder months.

In August of 2016, Engineers, Sandborn Head completed a study and looked at a broad array of options and provided a report. Staff picked three of these options; (1) Extend three-phase power from where it stops at Route 12, (2) Biodiesel Generation, (3) Solar Generation with Battery Storage. Based on these three options, the City Council authorized the Manager to explore the biofuel option and to also use the EPA Showcase Communities Grant which is a grant in the amount of \$500,000.

Following Council's discussion and comment WV Engineering was hired to look at all three options and to provide a cost analysis. Mr. Lamb stated staff recommends the city moved forward with the biofuel option and added the WV study was funded through the Solid Waste Operating budget. Mr. Lamb then turned the presentation over to Charlie Herr.

Mr. Herr explained that the first option is to extend three-phase power with Eversource and Fairpoint running a line along Route 12 to the site. This would require the installation of a transfer switch to power the existing diesel generator in case there was an outage. He noted that Eversource provided an estimate of \$65 per foot for their work and Fairpoint who would be providing the poles gave an estimate of \$2,580 per pole. The total estimate for this work is \$692,000. To this amount a 10% fee was added for engineering, permitting and administration costs and a 10% contingency cost for a total of \$769,000.

He continued that annual electricity costs were also estimated using Eversource's GV rate and they came up with an average monthly consumption of 26,200 kW-hr and an average monthly peak demand of 147 kW. Using the GV rate schedule, the annual cost of electricity was estimated to be \$66,000. Hence, the 10-year cost for this option has been estimated to be \$1,430,000 and the 20-year cost to be \$2,089,000.

Mr. Herr stated the second option was the Biodiesel Generation. This option would include a 20,000 gallon tank for storage of biodiesel fuel installed at the site for supplying the generator and other city and facilities. This option would require the installation transfer switch to power the existing diesel generator in case there was an outage. Total installation cost has been estimated to be \$493,500 including engineering, administration and contingency costs. The total installation cost after the EPA grant is applied would be \$164,000. The fuel costs for this option are based on 315,000 kW-hr annual electricity consumption and published fuel consumption rates for the biodiesel generator specified, the annual fuel consumption rate is estimated to be 23,700 gallons. Based on a cost of \$1.50 per gallon and a \$0.10 per gallon fluctuation the annual fuel cost is estimated to be \$37,920. The yearly maintenance costs are estimated to be \$3,000 for the generator and \$2,000 for the tank. Based on all these figures, the 10-year cost for this option has been estimated to be \$593,000, and the 20-year cost to be \$1,022,000.

Mr. Her continued the third option is Solar Generation with Battery Storage. This option consists of a solar array with battery storage capability and to supply the electrical demand of the facility, except during the winter when occasional help from the existing diesel generator may be required. The cost estimate for this option is 4.5 million dollars, plus the following work: Land clearing, leveling, access road installation, concrete pad for battery, re-configuration of existing conduits, etc. The total for this came to \$4,989,000 including engineering, administration and contingency. The total installation cost after the EPA grant is applied would be \$4,489,000. Ten year cost with \$11,000 yearly maintenance costs included would be \$4,599,000. Twenty year cost with \$11,000 yearly maintenance costs included would be \$4,709,000. It should be noted the 20 year cost does not include the replacement of the solar panels or the batteries which have a useful life of about 25 years.

Chair Greenwald with reference to the three-phase power option asked who owns the poles and asked if the city pays \$2,500 to construct a pole whether the city at that point does not own the pole. Mr. Herr stated Fairpoint and Eversource would own the poles and could also use this infrastructure to provide power for other customers in the future. The Chairman asked whether other utility companies in addition to Eversource have been looked at, stating he believes the City is competitively purchasing power from other companies. Mr. Lamb agreed and stated First Point is a company the city has a contract with currently through the end of 2018. Mr. Lamb added Mr. Herr had only looked at Eversource. The City Manager added the difference between the two companies could be a couple of cents different per kilo watt hour. The Chairman asked for a dollar amount difference by the next Council meeting.

Councilor Powers clarified for all three options there would be a backup generator. Mr. Lamb agreed.

Councilor Clark asked if the city was to access three-phase power from Wyman Road through the woods, whether Eversource would have to install those poles. Mr. Herr stated they would as they would be providing the overhead power and added he did not look into a private contractor doing this work. He added he has seen this work done

occasionally by a private contractor but it has not been done too often. The Councilor felt this was a shorter distance. Mr. Lamb stated they did not look at the length but one option they did look at was looking at another access route instead of Route 12 (crossing over Route 12), but this would depend a lot on the participation from the State because they own the former rail line and there are some natural obstacles such as bedrock and wetlands. Councilor Clark felt if Eversource could be left out of the picture it could save the city a lot of money and if solar could be looked at more closely the numbers could change.

Councilor Jacobs asked if other customers were going to be using the poles the city was constructing whether this could be looked at as an economic stimulus. Mr. Lamb felt this is an important question and something that could interest Eversource – he explained the first issue is to see if this land could be developed. He referred to where the water and sewer lines end and talked about the cost to extend these lines for any sort of industrial development. He referred to the Aldrich property which has been looked at in the past which has frontage on Route 12 but it does have a substantial amount of wetland. The Barrett property also has some contour issues. There are flatter properties on the top of the hill but the slopes leading to it and the outcroppings pose significant problems. There is land on the top of the hill outside of Keene which could offer some development possibilities but staff doesn't see anything that stands out right now.

Council Hansel asked what will happen to the methane generator that currently exists at the landfill and what would happen to the left over methane. Mr. Lamb stated under any of these options that generator would be de-commissioned and stated he would like to defer to Duncan Watson for added clarification. Mr. Watson agreed with what Mr. Lamb had said and added the city would put it out for some sort of salvage value which is unknown at this point. Chair Greenwald asked whether it would not be prudent to keep using this generator. Mr. Watson stated the reliability aspect is one of the reasons staff is in front of the Committee today. This system has been in place for close to 23 years and it is at the end of its useful life.

Councilor Powers noted the changing technology and asked for the odds of not needing three-phase power at the landfill in the near future. Mr. Watson stated someday the city will start shipping its material from its landfill to a larger facility but this is a decade plus away because of the capital cost of starting such a facility in this area, this does not look very promising at this time.

Councilor Jacobs stated there was a question about bio diesel fuel and the availability of this fuel. Mr. Lamb stated the city has a list of six or seven providers of bio fuel within five hours of Keene. The primary provider the city has reached out to is White Mountain Bio Diesel in Littleton and they are the primary source of information provided for today's discussion. Mr. Lamb added should there ever come a time anything happens to the bio fuel market what situation would the city be in at that point. Mr. Lamb stated according to Mr. Herr and the specifications provided to the city, the city could easily switch over to diesel with minor modifications to the tank and run the generator.

Councilor Powers asked whether the work WV Engineering did recently showed anything different to what has been done previously. Mr. Lamb stated the three-phase power had a ten-year cost of 1.2 million (report from November), WV Engineering has it at 1.4 million. The bio diesel price is within that ballpark but solar with battery backup even though this is an emerging technology was considerably higher.

Councilor Chadbourne made the following motion which was seconded by Councilor Powers.

On 4-1 vote, the Finance, Organization and Personnel Committee recommends based on the energy options validation study conducted by WV Engineering, that the City Manager be authorized to do all things necessary to move forward with the Biofuel Generator Project to provide a primary power source at the solid waste facility, and use grant funds available from the EPA Climate Showcase Communities Grant to fund a portion of the project.

Councilor Powers voted in opposition.

**5) Relating to Property Tax Exemptions for Solar, Wind Powered & Wood Heating Energy Systems - Assessing Department
Resolution R-2017-18
Resolution R-2007-11**

City Assessor Dan Langille stated these items were discussed two weeks ago. The first item has to do with solar exemption up to \$30,000 of assessed value of the solar energy system. Councilor Clark clarified this exemption will be applied every year through the life of the system. Mr. Langille agreed and added it will exempt up to \$30,000 of the value of the system. The Councilor asked whether property will be assessed and then be exempted. Mr. Langille answered in the affirmative and added the system also does depreciate in value and this would be taken into consideration as well. He further stated as time goes on if the market shows there isn't value or the value is lower, the exemption amount will be adjusted accordingly.

Councilor Clark made the following motion which was seconded by Councilor Powers.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends the adoption of R-2017-18 and to rescind R-2007-11.

**6) Relating to Tax Exemptions For Elderly, Deaf, & Disabled - Assessing Department
Resolution R-2017-19
Resolution R-2017-20
Resolution R-2017-21
Resolution R-2012-40
Resolution R-2012-39
Resolution R-2012-38**

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Mr. Langille stated for this exemption the income criteria is being changed. Anyone below these income levels will be eligible for these exemptions; \$28,700 (single person) and \$38,700 (married persons).

Councilor Powers made the following motion which was seconded by Councilor Jacobs.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends the adoption of R-2017-19, R-2017-20, R-2017-21 and to rescind R-2012-40, R-2012-39 and R-2012-38.

The meeting adjourned at 7:20 pm.

Respectfully submitted by,
Krishni Pahl, Minute Taker

Additional Edits by,
Terri M. Hood
Assistant City Clerk