

MINUTES OF THE CHESHIRE TOWN COUNCIL PLANNING COMMITTEE MEETING
HELD ON TUESDAY, MARCH 3, 2015 AT 7:30 P.M. IN ROOM 207, TOWN HALL, 84
SOUTH MAIN STREET, CHESHIRE CT 06410.

Present

James Sima, Chairman; Patti Flynn-Harris and David Schrumm.

Staff: Michael A. Milone, Town Manager; Walter Gancarz, Town Engineer

1. ROLL CALL

Roll was called and a quorum was determined to be present.

Mr. Sima called the meeting to order at 7:32 p.m.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

3. STATUS REPORT ON PERFORMANCE CONTRACTING

Mr. Sima stated there is about \$800,000 rebated to the Town of Cheshire. There were some issues being looked into, mostly control systems of the buildings, and other issues such as lighting, rooftop units. Instead of having Ameresco go into every one, it is narrowed down to a few.

It was stated by Ms. Flynn-Harris that all the rebate does not have to go back into Ameresco projects, and the Council can talk about other things.

The Committee was informed by Mr. Gancarz that the treatment project is going well; is 70% done; should be completed by September; and there is \$1.2 million coming in rebates. The Town received a check for \$588,000, with the remainder coming at the end of the project, commissioned and accepted, at the end of the year.

Some of this money was used to pay down the loan and Mr. Milone said there is a net of \$845,000.

The list in its entirety was submitted by Mr. Gancarz - the potential projects and estimated cost - without rebates. The projects shown in yellow, totaling \$693,450, would go back to Ameresco to further define. The numbers cited are estimates, and the Energy Review Committee did not want to refine numbers if some of the projects are not going anywhere. The projects (in yellow) will be reviewed again by the committee, be refined, get hard numbers and potential rebate. In a few weeks the committee will have this information to Council for acceptance or rejection of all, or none, of these projects. Most of the projects are building management systems, except for the Fire HQ and Annex projects, which need boiler replacement.

A point was raised by Mr. Sima, item #17, Youth Center, AC RTU, and he has stated this project is a perfect candidate for G.O. It is a small building; no outside unit is needed; everything will fit in place; and the heating and AC must be updated.

As a follow-up, Mr. Gancarz said this sentiment was passed on to Ameresco, and the company will look at both options.

In talking about "boilers" Mr. Schrumm stated this is not only for hot water but heating the building as well. Mr. Schrumm commented on G.O. heat being astounding and less costly.

Mr. Sima explained that the new unit would be mounted on the outside of the building on the ground, running the ducts through the wall.

With all the projects and item numbers, Mr. Schrumm said they relate back to the original document, with everything laid out, and we can see the payback for years out. For the BMS items, he asked which town buildings would have the new management systems.

Mr. Gancarz said all the schools have them; it looks great; information is on line to see temperatures of rooms, etc. The school system is monitoring this. There has been a 24% savings on electricity in the first few months.

It was noted by Mr. Sima that this was due to turning off electricity in the back of the high school with conversion to gas.

PUBLIC

Tim White asked about looking at usage at non-town used buildings, i.e. Historical Society.

Mr. Gancarz stated none of those buildings are in the project plan, but the Town does pay utilities for these buildings.

Money has been put into the Historical Society building, and Mr. Milone said a new oil burner was installed. There is some window work on the Lock 12 house.

4. PHOTOVOLTAIC SYSTEMS AND POWER PURCHASE AGREEMENT

Mr. Gancarz referred to the summary sheet. He said an RFP was put out 2 months ago with detailed information, i.e. solar put in at the landfill and any/all town and school buildings of interest. There were five varying proposals received. Everyone proposed on the landfill, and depending on the company, there were responses from no schools to six schools.

A committee (Gancarz, Noewatne, Energy Commission members Gavin and Mesdale, BOE representatives Dixon and Masciana, and Tim White) was formed to review the proposals, along with ECG Engineering who put together the summary spread sheet.

All proposals were independently reviewed; 3 firms were interviewed - Sun Edison, Solar City, Greenskies. The other two firms were not interviewed -- Ameresco's

proposal was not attractive, and C-Tec is a start up company without the depth of knowledge or experience for the project work.

During the process, Mr. White recused himself from the interview process due to possible conflict of interest of former potential employment.

Following the interview process, Mr. Gancarz reported that the committee unanimously selected Solar City. The committee believed Solar City had the best depth of knowledge, specialize in solar energy, had better buying power, had more efficiency, and the potential savings were the highest at the landfill Mr. Gancarz stated that Solar City is the company which could go to the next step with the town. Also, the committee thought Solar City could come back with a proposal for one of the schools, as they were open to this in their proposal.

The company did not propose for any schools in their proposal, with Mr. Gancarz saying they could build on this in future years or add now.

Mr. Gancarz explained that the urgency for the Planning Committee meeting is due to the fact that all proposals are based on the company going to the ZREC auction in April or May. This auction is in place for only 2 more years, and by winning a bid there is, basically, a subsidy to the program which makes it economically work. Without a ZREC bid accepted, he said nobody could do the projects. Once a bid is accepted they can go forward with a firm agreement for Council action. At this meeting, Mr. Gancarz is looking to the Council for a non-binding letter of intent for Solar City to act on Cheshire's behalf to go to the ZREC auction and make a bid for these credits. If it is not accepted, the project goes away; if it is accepted there is a 10 day period for entering into the agreement.

Regarding the ZREC bid, Mr. Schrumm asked if Solar City is bidding as a company with many projects underway or on individual projects.

Mr. Gancarz advised it is bidding on individual projects, and within this project there would be one for the landfill and one for the school. He informed the Committee that the company puts the panels on roofs (with existing warranty), works with the roof manufacturer for installation (ballasted systems) so the roof is not punctured and the warranty remains. For all the proposals, no up front money from the Town is required. The contract would have 3 options -- at the end of 20 years the panels are taken away, buyout amount for purchase, or option to continue with a new agreement.

Mr. Schrumm commented on the landfill being the easiest place for installation without worries about roofs, school construction etc. and getting better return from an open field.

It was stated by Ms. Flynn-Harris that other vendors will run into the same issues, and Ameresco does very detailed notes as to why they would not install at some of the schools.

According to Mr. Gancarz, in fairness, Ameresco had an advantage here; they know the buildings; Highland will have 7 roof top units, with 3 in place; and there would not be room for panels when the current work is done. For a starting school project, he thinks it would be a wing of the high school or Dodd Middle School, with future expansion. The Town can tell Solar City to go to the auction; look at the high school and Dodd; prepare a bid for school(s).

The issue of savings was raised by Mr.Sima, how it is calculated and tied into the performance contract.

Mr. Gancarz replied that it does not impact the contract at all. Savings are two fold. One other attractive part of Solar City is their having a zero escalator fixed for the life of the project. The other companies had 2% to 3% a year escalator.

Mr. Sima said the Town will pay 12 cents a kwh from them, and this is all in.

In reply, Mr. Gancarz said we are paying 8 cents kwh, with them using the utility rate all in of 12 cents. Money is saved buying power at 7.8 cents, getting 80%, 60%, 40% reduction in the cost of transmission and distribution, doing virtual net metering. Mr. Gancarz advised that there is confirmation from TransCanada that there is no problem with the photovoltaic systems or breach of any contract.

Mr. Schrumm commented on the benefit to the Town -- getting inexpensive electricity at the Town Garage complex.

There is also a fixed rate of 7.8 cents per kwh for 20 years, and Mr. Gancarz said there is 40% off the cost of all kilowatt hours generated for transmission and distribution. The extra power goes into the grid, with the Town taking a credit. It is on an accounting basis.

Mr. Sima wants to make sure the electricity generated does not deter from the amount of electricity used...using 100 kwh in a building, with none of the array power going to that building...actual usage is measured for the building. For the high school he said there is a 22% saving of electricity formerly used in the building, and with the array there is generation of another 22% savings. He does not want it to come in that there is 60% less electricity usage in that building, with the company claiming it came from the performance contract. In reality, it came from the array.

The committee was told by Mr. Gancarz that it never runs back through the meter at the high school...it is strictly an accounting basis. It will be known, exactly, how much energy is generated from this array. He will have the answer on who does the calculations before the matter gets to Council...he thinks it is TransCanada.

The committee discussed many scenarios involving electricity generation, calculations, savings, energy consumption, buying power etc.

Mr. White said CL&P does the calculations for his house, and he thinks commercial government is also done by CL&P.

Regarding the power, Mr. Gancarz said the Town will buy the power, use some of it physically, get credit for not having to buy direct from TransCanada, and is fixing the generation rate at what is paid for power now for 20 years.

When it comes to another location or metering before going to the ZREC auction, Ms. Flynn-Harris asked if the company makes a determination to look at one other location.

They will work with Town staff, and Mr. Gancarz said the committee thought a wing of the high school or Dodd were the recommended locations.

It was re-stated by Mr. Gancarz that the committee is looking to issue Solar City a non-binding letter of commitment to submit a ZREC auction on behalf of the Town for the landfill and one school building. There is no cost involved. If they do not get the bid, there is no project. If they do get the bid and the agreement is not to the Council's liking there is still no project.

The reason for the 10 days after the auction, PURA wants to know these are real projects, with up front money of about \$15,000 for a project of this size. Mr. Gancarz said with the proposal the company has a power of purchase agreement, which has been used throughout the State. This document would be looked at by the Town Attorney, with the numbers added in. It was pointed out by Mr. Gancarz that the auction has been around a few years, will sunset soon, prices have come down with more projects available. This is a reverse auction, trying to sell at the lowest, and the higher the Town gets in the bid, it reduces its cost of power. All permitting and maintenance is done by Solar City.

Regarding future costs to include another school, Mr. Gancarz said there is no cost, but the entire process must be undertaken again.

Ms. Flynn-Harris asked about an array at the pool considering the high costs of natural gas and electricity for this facility.

A comment was made by Mr. Schrumm about the schools, with 30 year roofs being installed, and the extra cost to remove these roofs and reinstall the panels.

ECG does many of these analyses, and Mr. Gancarz stated that newer schools with trusses cannot take the panels. Older schools usually have no problems with panels installed.

Mr. Sima asked about savings with Solar City of about \$100,000 annually.

Mr. Gancarz said it starts lower but ramps up, i.e. \$69,000 in year #1. We are talking about a fixed rate, with more savings in future years as power is sold for 12 cents kwh.

MOTION by Ms. Flynn-Harris; seconded by Mr. Schrumm.

MOVED that the Town Council issue Solar City Corporation a non-binding Letter of Commitment to submit a ZREC auction bid on behalf of the Town for installing a photovoltaic system at the Town landfill and one (1) school building. *It is expected the auction will be held in mid April or May this year. If the bid (s) are accepted, within ten (10) days of the Town being notified of acceptance of the bid, the Town Council will either enter into a final agreement including a Power Purchase Agreement for one or both of these projects, or will inform Solar City they choose not to go forward.*

VOTE The motion passed unanimously by those present.

Mr. Gancarz said the project that should be looked at a year from now is the sewer treatment plant, with all new flat roofs, no obstructions, huge power user...and it is a perfect candidate. It was not looked at this year due to the construction project ongoing at the facility.

5. ACQUISITION OF STREET LIGHTS

Mr. Gancarz reported that Siemens had a program, but by the time the Town wanted to enter the agreement, Siemens had dropped out. CCM had a program about street lights, partnered with 3 firms (one being Tango Lighting) which agreed to do an initial analysis. The company came up with savings of a few million dollars over a 20 year period by purchase of Town street lights and conversion to LED lighting. By going from CL&P owning the lights at 16 cents kwh, to Town ownership and charge of 2 cents kwh, there is a huge savings. Just purchase of the street lights would cut costs in half. Conversion of high sodium lights to LED lights, only 40% of previous electricity is used. There is savings in the rate plus savings in power purchased from TransCanada by 60% reduction.

Currently, the budget for street lights is \$285,000 annually for 17,792 street lights. In rough numbers the cost would be \$50,000 to \$60,000 with purchase of the street lights, including maintenance of the lights. The cost, depending on the company chosen, is about \$1 million to \$1.2 million, with no Town money up front. \$442,000 is the cost to buy the lights from CL&P. They sell the 17,792 lights, 490 single service poles. CL&P provides a spread sheet.

The Town went out with an RFP, received 5 proposals, with numbers varying from \$500,000 to \$700,000, to retrofit with LEDs, and annual maintenance contract. This is on top of the \$442,000. A spread sheet comparing the 5 companies was given to the committee members. ECG assisted with the street light purchase proposals; interviews with the 4 companies will be held next week.

Information was distributed to the committee on the street light purchase proposal. Mr. Gancarz cited about \$600,000 to re-lamp. With the \$442,000 the project is about \$1.2

million. Using \$50,000 for future annual costs, doing a 4 year payback, there is not much initial savings. However, after that there is dramatic savings.

Mr. Gancarz commented on the more reasonable thing -- to pay CL&P back over 10 years, with more initial savings. CL&P's rebate on this is 30 cents per kwh up to 40% of the cost of the project. 500,000 to 600,000 kwh is the savings being used, so \$150,000 is an estimated year #1 rebate at the end of the current calendar year. With a 4 year payback there is savings in year #1, with costs higher in the next 3 years, and future savings of \$200,000+ annually going forward. Paying back over 10 years was reviewed, with a bump next year (\$150,000 + rebate + \$60,000 saved), and real savings throughout the project.

With regard to the people proposing this, Mr. Sima asked if any have a service contract for light maintenance.

Mr. Gancarz said most of them do, and this will be a question posed during the interview process to the companies, as this is something the Town would need.

It was explained by Mr. Gancarz that with the \$40,000 appropriation requested in the proposal all the companies, if hired, would go out and field locate all the street lights, verify what the Town is charged for, try out up to 5 different fixtures to determine what works best, analyze various ways to reduce the number of street lights due to better illumination from LED lights. If the Town hired a company to do just this work, it would be included in the cost of the project. Two companies did not provide a number for this work, but will be asked in the interview for a number. The \$40,000 is a safeguard rather than bringing in a selected contractor, vote on it, without having all the fine print details. If the Town chooses to go forward the \$40,000 is not paid, but is absorbed in the contract.

The committee was informed by Mr. Milone that the Council would be asked to allocate this money from the Capital Planning Account. There is one proviso...when the BOE asked to do their building maintenance analysis assessment they were promised they could have use of the Capital Planning funds. There are two pockets, and he is unsure if there is enough money left for the lighting project. If there is not, he will ask Council to adopt a resolution to supplement what exists in the account by \$40,000.

Ms. Flynn-Harris reported that the BOE was in the process of interviewing, and she thinks they have their final, and the number is lower than what was expected but includes everything.

Mr. Milone will check this with Mr. Masciana, and advise the Council. He said there may be enough money in the account, and if there is, it will simply be allocated. A resolution will be drafted accordingly.

For the \$40,000 Mr. Gancarz explained the Town signs a contract saying the company does the analysis, and return with final proposed agreement to Council. If the Council

votes and accepts the agreement, the money is never paid, but is folded into the contract. One company will be selected to do the analysis. If it is determined the lighting project is not a good idea, the company is paid, and we go our separate ways. The companies have said, if selected, the schedule has the project in place before year's end to qualify for the rebate in the next fiscal year.

The committee was told by Mr. Milone that the Town is excited and anxious to move this along, hoping to generate savings in next year's budget. His recommendation is for the Town to go with the ten (10) year payout.

MOTION by Mr. Schrumm; seconded by Ms. Flynn-Harris.

MOVED that the Town Council appropriate a sum not to exceed \$40,000 from the Capital Planning Account to have a selected firm perform a detailed assessment and final cost analysis of purchasing Town street lights and converting them to LED fixtures, and presenting a contract to the Town Council for that work. *The result of this analysis will be a Final Report and Contract for this work, to be presented to the Town Council for their action. If the Final Contract is enacted, the costs for this analysis will be included in that contract.*

VOTE The motion passed unanimously by those present.

6. AMENDED LIBRARY PARKING AGREEMENT

MOTION by Ms. Flynn-Harris; seconded by Mr. Schrumm.

MOVED that the Planning Committee enter Executive Session at 8:50 p.m. to discuss the Parking Lot Agreement between the Library and Christ Community Church.

VOTE The motion passed unanimously by those present.

MOTION by Ms. Flynn-Harris; seconded by Mr. Schrumm.

MOVED that the Planning Committee exit Executive Session at 9:05 p.m.

VOTE The motion passed unanimously by those present.

MOTION by Ms. Flynn-Harris; seconded by Mr. Schrumm.

MOVED that the Planning Committee approve the amended Parking Lot Agreement between the Town of Cheshire and Christ Community Church, and forward the matter to the full Town Council for approval.

VOTE The motion passed unanimously by those present.

7. DEVELOPMENT IMPACT MITIGATION

Mr. Schrumm commented on the Town having project developments go through with everyone thinking they know what they are doing. However, the Town ends up with a liability, and with some fore thought, it should not end up with a liability. Going forward there should be a methodology for standards of conduct so the Town does not end up with situations like the Wood Pond Dam, Ken Newman situation, Towpath Sidewalk etc.

The problem comes down to the original Planning and Zoning acceptance of roads, sidewalks, and open space surrounding a development. Twenty years out there is a question of "whose is this". At the last PZC meeting he noted there was a question about detention pond ownership, and Milone & MacBroom's engineer stated the homeowner's association will take care of that. Mr. Schrumm said the reality is that the HOA is sometimes a figment of the developer's imagination, is never set up, or it has a short life span. The Town finds itself in a situation where matters are not resolved.

Ms. Flynn-Harris agreed the Newman situation is something to talk about. For an HOA she said the Council must be careful because the developer and office are aware of the legal part of this and enforcement assurance. Technically and legally, the developer is supposed to create the HOA, make sure it is written in the property deeds, and everyone is a member. The problem with Strathmore was the fact that the HOA was never formed, no charter and voting rights were created, and this was the developer's fault. The developer should have done this so he could back out.

For clarity, Mr. Sima said the HOA is formed, is attached to the deeds, and now 25+ years later there is a major piece of erosion on a retention pond breaking into the street. The HOA has zero dollars because of no activity, and the developer is gone.

Without a developer still involved, Ms. Flynn-Harris said the HOA is legally responsible and must come up with the money.

There was a discussion on who makes the homeowners pay, without an HOA, on a major issue in the development. If there is an impact on Town or other property outside of the HOA boundary, Ms. Flynn-Harris believes the Town would have to take it to court.

Mr. Schrumm commented on an HOA going out of existence, and cited examples of developments with and without associations. For the Moss Farms Road development, there is a successor organization "Moss Farms Homeowner's Association II" which is defunct and does not meet. Some developments have open space, sidewalks, roads, detention ponds, etc. given to a non-existent HOA, and the Town has to fix problems.

This is a valid question and Ms. Flynn-Harris agreed with comments made, and stated this issue should go to the Town Attorney to get answers. If an HOA exists legally, is on the property deed, and if the HOA fails to perform its duty, they are a legal entity, and

can be sued by the Town. She said it does not matter if the property owners are not giving money or voting in an HOA, it is in their deed.

In his work for water companies around the State, Mr. Sima reported there are many condos associations and neighborhood associations which have nasty water systems, with people drinking and using this water. There are reporting and contamination violations. The association is informed of this fact, and says they have no money. The State can do nothing to the association.

A question was raised by Mr. Schrumm about retroactively forcing 150 homeowners in Wood Pond to get their HOA act together.

Ms. Flynn-Harris questioned if the Town has the right to do this.

According to Mr. Schrumm this is a PZC thing until the motion comes before the Council to approve a subdivision road, and questions should be raised about the stretch of sidewalk, open space, detention pond, etc.

If there is no HOA Ms. Flynn-Harris said the Town is looking at a private road or Town standard road; and if there is open space this had to be dealt with through the developer and the homeowners.

With a development almost ready to go, Mr. Schrumm asked about the Council commenting on the orphan sidewalk, unsure the HOA is set up properly and able to last, and not accepting the roads as Town roads. At that point, the developer has every right to question where this came from after PZC approvals.

Ms. Flynn-Harris said the Council has no right, by law, to say if the HOA is developed, that they can't have acceptance. An HOA, correctly formed, is a legal entity. The Council could say it will not accept the public road, but it cannot ignore a legal HOA.

Mr. Schrumm asked how an HOA can be made more binding whereby it has responsibilities for sidewalks, open space, storm water runoff detention pond, dam, etc. He asked how the Town makes sure there is something on the property deed that states the owner must join the HOA. And, if an HOA does not take care of its responsibilities for sidewalks, open space, etc. the Town will do it, and bill the property owners.

There is a valid question about how many homeowner associations the Town has, whether they are meeting, etc. but Ms. Flynn-Harris is unsure how the Town goes about getting this information. This may fall within the purview of Planning and Zoning, just as the commission looks into residential property, in-law apartments, and other planning matters. If the Town wants this language in a legal HOA separate from the Town, it must be done through the developer.

The committee discussed the Town servicing roads and sidewalks in a development, open space being the responsibility of individual homeowners, and possible changes in the subdivision regulations. The Council accepts the roads, sidewalks, open space, and should be able to accept the verbiage of HOA agreements.

Mr. Milone advised that Town Attorney Smith will be at Town Hall on Thursday morning. He will arrange for Attorney Smith and Town Planner Voelker to meet and discuss this issue. Mr. Voelker can also meet, individually, with Council members to discuss the planning aspects of the issues raised.

When the Strathmore development issue was before PZC, Ms. Flynn-Harris noted that every homeowner knew there was an HOA covenant in their deed, even though houses had been sold 2 or 3 times. With an HOA covenant in a deed the homeowner must join the HOA.

The committee briefly discussed coming up with language for inclusion in an HOA agreement.

If there is an HOA that is defunct and not performing, Ms. Flynn-Harris said there must be confirmation that the Council has the legal right to do what it is proposed...or not have the legal right.

Mr. Milone commented on Town Government having the problem of public pressure - a stand off, taking a position based on principle. If the Town has a large area of sidewalk that is not touched in the winter, people in the neighborhood go crazy, show up at a Council meeting, insisting the sidewalk be cleared...and it gets cleared by the Town.

Mr. Sima stated there could be an ordinance that says the Town will go back and tax those people.

If there was an HOA, Ms. Flynn-Harris stated it is the homeowner's responsibility to maintain the sidewalk. If the HOA is no longer active, the Town will do it for a fee.

Mr. Milone said that liens may be the best way to go because everyone will not pay.

For the detention runoff issue, Mr. Schrumm said there could be a tax lien.

Regarding liens, Mr. Milone stated the Town is always first, then the bank, followed by others, including solar companies that come third.

In a situation with grinder pumps failing, sewage running in the streets, and no HOA for the development, Mr. Schrumm said this is a case where the Town must respond. The question is who finally pays.

Mr. Milone explained that there was a problem at Town Hall with heat not going on over the weekends. Ameresco knows about this problem, had to over ride it, and in two more weeks everything kicks in. During this, parts of the Town Hall building are hot.

It was agreed that the impact issue discussion should go forward, and can be reviewed with the Town Attorney's real estate professionals and the Town Planner.

8. ADJOURNMENT

MOTION by Mr. Schrumm; seconded by Ms. Flynn-Harris.

MOVED to adjourn the meeting at 9:35 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk