

**INFORMAL MEETING OF JUNE 20, 2016**

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Informal Meeting of the City Council was held in the City Council Chamber, Room 219, City Hall, on Monday evening, June 20, 2016.

**CALL TO ORDER**

Council President James Walsh called the informal meeting to order at 7:00 o'clock p.m.

**ATTENDANCE**

Eleven (11) Councillors were present, including President James Walsh and Councillors James Boone, Nathan Boudreau, Craig Cormier, Ronald Cormier, Scott Graves, Karen Hardern, James Johnson, Marc Morgan, Paul Tassone, and Matthew Vance.

Others: Mayor Mark Hawke and representing the Honeywell Team were Doreen Hamilton, Account Executive, Energy; Edward Daly, Regional General Manager, Energy; and Eian Kurro, Project Operations Leader.

President Walsh announced that the meeting was called to hear a presentation from Honeywell concerning the proposed Resolution supporting the Performance Guaranteed Energy Auditing and Contracting Agreement with Honeywell International, Inc.

Doreen Hamilton, Account Executive, referenced Honeywell's Handout entitled "Introduction to Energy Performance Contracting." She stated that Honeywell has developed the investment-grade audit over the last six months. She noted the history of performance-based contracting in Massachusetts which originated from a grant through the Department of Energy.

She noted the following:

- \$1.8M of infrastructure projects in the proposed program would be removed from the City's Capital Improvement Program List.
- 30% total energy base-line savings for both municipal and school buildings.
- A tax-exempt lease purchase program at no cost to taxpayers, as all costs are paid from energy savings.
- \$395K projected annual in energy and operational costs for a term of 19 years.
- Savings are guaranteed.

**Project Overview and Timing**

- Honeywell awarded Energy Performance Contract 1/15/16
- Kick off meeting and site surveys begin 2/3/16
  - Develop timeline and deliverables

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- Honeywell develops 30% report of building surveys 3/18/16
  - Identifies potential upgrades
  - Gathers energy data/square footage
  - Develops overview of building/Review report
- Honeywell develops 60% report of energy measures 4/8/16
- Potential cost/savings are identified
  - Building scope is reviewed/modifications/deletions
  - Develop list of final measures/scope/term
  - Measurement & Verification Options reviewed
- Honeywell develops 90% report of energy measures 5/9/16
  - Final energy savings & scope developed- guarantee finalized
  - Final Investment Grade Audit (IGA) & contracts are developed
  - Finance Review/RFP review
  - Set board meetings/Financing/Contract legal review
  - Summer Construction

**Energy and Infrastructure Scope**

- LED Lighting & Lighting Controls
- Boiler Plant Replacement/Upgrades
  - Domestic Hot water replacements
- Replace Kitchen Equipment
  - Kitchen hood/freezer controllers
- De stratification Fans
- Installation of Infrared Heaters
- Heat Pump Replacement
- Energy Management Controls
- Replace Unit ventilators
- Refurbish Air Handling Units
- Building Envelope Improvements
- Steam Trap Replacement
- Pipe Insulation
- Solar PV upgrades
- Computer Power Management
- Plug Load Peripherals
- Transformer Replacement
- Water Conservation




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**Financial Overview**

○ Total Implementation Cost	\$6,675,188
○ Contingency	\$66,752
○ Total Financed Amount	\$6,741,940
○ Finance Term	19 Years
○ Annual Energy & Operational Savings	\$ 395,375
○ Total Utility Incentive Estimate (Projected)	\$201,000
○ Total Utility Incentive Estimate (Carried)	\$150,000
○ Estimated Annual Positive Cash Flow	\$ 3,600

President Walsh noted that the proposed lease-purchase does not require borrowing on the City's part; thereby, having no effect on the City's borrowing limits or bonding capacity.

Councillor Paul Tassone questioned the reason that the Police Station was not included in the audit.

Edward Daly stated that the Police Station operates 24 hours per day, 7 days per week; whereas, the other municipal and school buildings are closed and opportunities are greater to make mechanical changes. He added that opportunities for energy improvements at the Police Station could be addressed in another phase.

Mayor Hawke added that Phase II might also include street lights.

Councillor Matthew Vance stated that one of the greatest savings is Waterford Street School and that the City is looking to build a new elementary school in the future. "The payback is only \$3,600 per year, so if we lose that building, then would the City be losing money," he said.

Mayor Hawke stated that there are also savings identified for the Prospect School building, so the savings would be immediate within the first five years.

Councillor Karen Hardern asked the amount of savings for each of Honeywell's customers.

Edward Daly stated that the savings is different for every customer.

Eian Kurro, Project Operations Leader, stated that savings is dependent upon the types, sizes, and other characteristics of a municipality's buildings. He said that generally, 15%, 20%, and up to 30% in savings is realized. He added that it is in Honeywell's best interest to be aggressive in energy savings.



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Mayor Hawke added that “there is a quick payback” in converting lighting systems, citing immediate savings at Elm Street School.

Councilor Scott Graves questioned if the City has any risk with the program.

Edward Daly stated that the only risk to the City is in long-term maintenance, noting that energy and operational savings are guaranteed by Honeywell. He stated that when the project is finished, Honeywell will ask that the City work with them in order to maintain the systems. In order for the savings to be guaranteed in perpetuity, the City has to maintain the systems for the life of the buildings. The City would be able to choose the firm that would maintain the systems, he added.

Councillor James Boone remarked that the project includes replacing the air vents at Elm Street School, as well as the kitchen at Gardner High School. He questioned if maintenance costs are included with the program.

Mr. Daly replied that maintenance costs are not included with the program.

Councillor Marc Morgan questioned the routine annual maintenance costs.

Edward Daly said that Honeywell looked at the City’s operational costs and estimates “are not out of bounds from what you’re spending now,” but that it depends on the City’s level of maintenance. He said that some communities perform routine maintenance in-house, while others outsource maintenance.

Doreen Hamilton added that the City has the option to tweak the systems that could result in greater energy and cost savings.

Councillor Paul Tassone questioned whether any schools would be disrupted due to the proposed work.

Eian Kurro, Project Operations Leader, stated that Honeywell will coordinate the work with the City in order to minimize any disruptions, noting that the bulk of the work is planned for the summer months while the schools are closed. He added that some of the work can be performed while the schools are closed (after hours).

The meeting was adjourned at 7:29 p.m.

**Accepted by the City Council: *July 5, 2016***