

IN BOARD OF ALDERMEN

SPECIAL JOINT MEETING

PUBLIC FACILITIES AND FINANCE COMMITTEES REPORT

MONDAY, JUNE 16, 2014

Finance Committee members present: Ald. Gentile (Chairman) Ciccone, Norton, Rice, Blazar, and Fuller; 1 vacancy

Public Facilities Committee members present: Ald. Crossley (Chairman), Albright, Gentile, Danberg, and Laredo; 1 vacancy

City staff present: Maureen Lemieux (Chief of Staff/Chief Financial Officer), Josh Morse (Commissioner of Public Works), Robert Garrity (Sustainability Director), and Bill Ferguson Project Manager; Public Buildings Department)

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#220-14 HIS HONOR THE MAYOR requesting authorization to transfer the sum of one hundred thousand dollars (\$100,000) from the Human Resources Full-time Salaries Account to the following accounts:

Newton Public Schools Water\$50,000
City Hall Electricity\$50,000

06/02/14 @ 10:05 AM]

ACTION: **PUBLIC FACILITIES APPROVED 4-0 (Danberg not voting)**
FINANCE APPROVED 6-0

NOTE: Chief of Staff Maureen Lemieux presented the request for the transfer of funds to provide additional money to the Public Buildings Department to pay fiscal year-end utility bills. The Public Buildings Department took over the responsibility of paying the School Department's water bill a few years ago with the belief that the City would not have to charge itself for its water and sewer use; however the City must charge itself according to Comptroller David Wilkinson.

The increase in the School Department's water bill can be attributed to the increase in the student population, the additional modular classrooms, and situational conditions at specific schools. The request for funds for the City Hall electricity will be used for both electricity and natural gas. It is likely that the addition of the Cultural Affairs Department has resulted in increases in both electricity and heating use. The Cultural Affairs Department utilizes City Hall on weekends and in the evenings. The War Memorial is now used all day during the week. Both accounts have been increased in the Fiscal Year 2015 Budget.

In the future, it would be helpful to the Aldermen if the base amounts for the accounts are provided to see how the requests for additional funds compare to the original budget. In addition, it was suggested that the Administration should consider giving back to the School Department

the responsibility of paying its own utility bills back, as there is currently no incentive for the schools to conserve water because they are not paying the bill. Ald. Rice moved approval of the item in the Finance Committee and Ald. Alright moved approval in the Public Facilities Committee. Both motions carried unanimously.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#221-14 **HIS HONOR THE MAYOR** requesting authorization to appropriate and expend the sum of two million six hundred ten thousand dollars (\$2,610,000) from bonded indebtedness for the purpose of completing energy efficiency projects at several municipal and school buildings in accordance with the City's Capital Improvement Plan. 06/02/14 @ 10:05 AM]

ACTION: **PUBLIC FACILITIES APPROVED 5-0**
FINANCE APPROVED 6-0

NOTE: Commissioner of Public Buildings Josh Morse began the presentation of the request for approximately \$2.6 million for energy efficiency projects at 17 municipal and school buildings. He said There has been a vast amount of work done over the past three to four months by Bill Ferguson in the Public Buildings Department, Director of Sustainability Rob Garrity, and members of the Executive Office to develop a comprehensive approach to implement a range of energy efficiency and conservation projects. The City has done some energy initiatives in past through energy service companies and other projects. The City's total energy consumption has gone down since the baseline year of 2008 due to the previous energy efficiency projects with energy service companies and projects funded through state and federal grant monies for example. However; the city has not yet met its Green Communities energy reduction targets. The requested funds will allow the City to continue to further reduce energy consumption and allow the City to meet and exceed its energy goals.

Project Manager Bill Ferguson provided the Committees with details on the projects. The City has received a large number of proposals for the energy work and the City has selected seventeen of the best proposals for this round of projects. The annual savings from the proposed energy efficiency projects will be about \$320,000 per year and the City expects to receive \$504,546 in utility company incentives. Based on current energy costs and the expected rebates the projects have a payback of 5.8 years. Memorandums of Understanding have been developed with NStar and National Grid to ensure the utilities maximize the amount of energy incentives available to the City, provide technical assistance and process the incentive payments as quickly as possible.

The Administration would like to get the funding approved now in order to take advantage of the summer construction window especially in the school buildings. The City has been working closely with David Stickney and Michael Cronin of the School Department on each of the twelve projects proposed in school buildings. The Public Buildings Department is well-positioned to get a lot of work done this upcoming summer.

Sustainability Director Rob Garrity explained that the City uses approximately 22.5 million kilowatt hours a year of electricity. The average house uses approximately 8,400

kilowatt hours a year. These seventeen energy projects and the streetlight project will reduce the City's electricity use by 13.6% next year and that is about 315 households worth of energy. The heating side of the projects will save 5.2 % of the overall heating budget. The electricity and heating efficiency projects alone will drive the City over the 20% energy reduction in energy as required by the Green Community Act. The energy reductions that will result from these projects are about the equivalent of 2.4 million pounds of greenhouse gasses, which is like removing the emissions from about 2/3s of the City's gasoline usage.

It should be noted that the requested funds are slightly more than half the funds that the administration is intending to spend this fiscal year on energy efficiency projects across thirty-three buildings. The seventeen buildings included in this phase were culled from a larger list of buildings. There are currently 27 energy audits with recommended measures but every measure that is recommended in every proposal is not included in this first phase, for example, the City has decided not to implement the weatherization measures for Countryside School and in many of the Phase I buildings, lighting upgrades are the focus but more work will be considered in the next phase.

The administration is already working Phase II of energy projects. The City will be revisiting some of those seventeen buildings for things like weatherization projects. The City will be getting some better information on weatherization for some of the buildings. Some of the buildings have already been done in terms of weatherization as part of the Noresco program. The Public Buildings Department went out with the energy auditors and looked at some of the buildings that Noresco weatherized to confirm that the work was done

The Administration will look at all of the buildings in depth and comprehensively. There are many factors to consider when prioritizing investments, such as planned capital improvements or replacements, maintenance initiatives, changes in building use, life expectancy of equipment, emerging technologies and trends in utility pricing. If a building is not planned for substantial renovation, for example, longer payback projects are appropriate. On the other hand, Chief of Staff Maureen Lemieux pointed out that there are some projects contained in the proposals that the City may never do.

The Public Buildings Department looked at the number and size of projects they could accomplish, manage and oversee during the summer to determine what projects to fund now. The City received approximately \$3.9 million in proposed work for this phase and expects to receive at least another \$3 million worth of proposed projects in the next round. Once the remaining fourteen or fifteen audits are received, the Administration can consider how best to prioritize this work. The City expects to expend \$5 million this fiscal year on energy projects.

The proposals were generated by companies qualified through the State's Preferred Vendor Program. After experiencing success with a preferred vendor program for private customers, the State came up with the Preferred Vendors Program because municipalities had trouble accessing the same services as private sector customers. The vendors that are part of the program are experts that the utility companies select to provide services to all of their customers.

The City used the vendors that the gas and electric companies recommended as the best vendors for all the proposals.

The Administration also reviews all of the vendor proposals in-house. In addition, the proposals are submitted to NStar and National Grid for review. The utility companies want to be sure the proposed projects make sense and they want to evaluate the saving estimates because that is what determines the incentive level.

The City does not have to use the public bid process for these projects as long as they are under \$100,000 each. In order to comply with that law the Administration focused on projects that are under \$100,000. Commissioner Morse pointed out that the Preferred Vendor Program is bid out at the State level.

Chairs of both Committee members requested that the next phase of energy projects be reviewed by the Public Facilities Committee before proceeding to discussion in the Finance Committee. It would be helpful if the Public Facilities had a chance to look at the proposed projects separately and have a more in depth discussion of the Administration is approaching the qualitative aspects of the energy efficiency projects and the decision making process. With that Ald. Ciccone moved approval in the Finance Committee and Ald. Albright moved approval in the Public Facilities Committee. Both motions carried by unanimous votes.

All other items before the Committees were held without discussion and the meeting adjourned at 7:45 PM.

Respectfully Submitted,

Deborah Crossley, Chairman
Public Facilities Committee

Leonard J. Gentile, Chairman
Finance Committee