

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Thursday, October 22, 2020

6:30 PM

Remote Meeting via Zoom

Members Present:

Thomas F. Powers, Chair
Stephen L. Hooper, Vice Chair
Terry M. Clark
Michael J. Remy
Raleigh C. Ormerod

Staff Present:

Elizabeth A. Dragon, City Manager
Thomas P. Mullins, City Attorney
Beth Fox, Asst. City Manager/HR Director
Kürt Blomquist, Public Works Director
David Hickling, Airport Director
Rebecca Landry, Asst. City Manager/IT Director

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

1) Tad Schrantz/Colonial Theatre Group - Requesting a Transfer of Land

Alec Doyle Executive Director of the Colonial Theater began the presentation. Mr. Doyle stated there are three elements to this project. A new venue (nearing completion), the front of house and rear of house. He stated today's focus is the stage house, the most important component of this project – everything that happens on stage needs to be supported by this space. He indicated this space was constructed in 1924 with technology from the late 1800's but the size of the space the technology cannot support touring productions currently. This requires the space to be expanded and technology needs to be updated.

Tad Schrantz of the Colonial Theater Board addressed the committee next. Mr. Schrantz stated in an attempt to accomplish what Mr. Doyle just explained the design has taken them to the property line – exterior facing of the building. He noted this is permitted in the central business district but the challenge they are facing is the foundations underground has to extend outside that line. In order to do that they are asking the City to transfer land below ground. Mr. Schrantz indicated this is about 375 square feet of land on the western side and the northern side of the property.

Public Works Director Kürt Blomquist was the next to address the committee. Mr. Blomquist clarified in the central business district construction is permitted up to the property line. He noted the applicant would also have to work with the private property owners on the opposite side to obtain their approval. He added the City's portion faces the Commercial Street parking lot and the space being requested is fairly diminimus but noted the City will be retaining the right of way easement on top of the land after construction is complete. He noted the applicant will need to complete a formal survey as well as a boundary line adjustment approved by the Planning Board.

Mr. Blomquist stated based on the issue the applicant is facing the purchase price of a dollar being proposed by the applicant is appropriate taking into consideration the expense the applicant will be facing to complete the other work.

Mr. Blomquist noted the transfer will require review by the City Manager and City Attorney and will be conditioned on receiving similar approval from property owners to the south.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute the transfer of land within the Commercial Parking Area to the Colonial Theater Group to support the Colonial Theater Renovation/Addition Project.

2) Presentation - Cheshire TV - Annual Report

City Manager Elizabeth Dragon addressed the committee first. Ms. Dragon stated she had reviewed the annual report but have not had the opportunity to discuss this with Jodi Turner of Cheshire TV and will follow up with her soon.

Councilor Clark asked when this budget was approved by the Board.

Jodi Turner Cheshire TV Board Chair indicated the budget has not been approved as of yet. She indicated they were waiting for their audit statement which they have just received and the budget will be brought to the Board in November. She noted the annual report is a draft and found out this afternoon that there will be an increase to their lease and heating payments.

Ms. Turner then went over the history of Cheshire TV. In 2004, a decision regarding a PEG Channel was made by the City and Cheshire TV started its operation in 2005. At that time Lee Perkins was the Executive Director. When it was decided in 2014 that Lee Perkins will be leaving, it was decided that Mark Nelson, Dave Kirkpatrick, and Rick Blood will have authority on specific topics and tasks and Mark Nelson would be considered the Executive Director. In 2014, Lee Perkins was given camera set up in lieu of payment for being a consultant for one year.

In 2015, the Board approved a payment of \$5,000 for Mr. Perkins to act as a consultant for one more year and it was the understanding that this was the last of Mr. Perkins' involvement with Cheshire TV.

As of 2019, Cheshire TV office was moved from the library to the 2nd floor of the Masonic Building.

Ms. Turner explained her interest with Cheshire TV. She was interviewed by Tracy Perkins 13 years ago and in 2008 she started producing her own shows. In 2019, she was asked to join the Board and within two months Mark Nelson had offered his resignation and there seemed to be a lot of turmoil going on at Cheshire TV at that time.

In 2020, Tom Cook, longtime board member was taken ill and he was not replaced. In May after he resigned Tom Traverse replaced Tom Cook as the Board Chair at the July 7 meeting and at the July 14 meeting Jodi Turner was placed as Board Chair and Tom Traverse the Executive Director. At the July 7 meeting Mark Nelson's resignation was accepted and Dave Kirkpatrick's employment was terminated with Cheshire TV.

Ms. Turner went on to say when she was appointed as Chair and in reviewing some documents it was noticed Lee Perkins was still being copied on emails. His name at that time was taken off the list and this is when there have been some issues that have arisen.

Ms. Turner went on to say it seems like a lot of decisions that have happened in the past is affecting what is happening today. She indicated the Board is completing their day to day tasks and are meeting all regulations. She indicated she is aware of complaints made to the City which she stated she was happy to address. She felt this is the time for a change at Cheshire TV. It is a place where citizens can express free speech through access to cable television. They encourage local programming while maintaining a friendly and creative environment. They are doing much of this now but felt they can do a much better job.

Cheshire TV is supposed to offer training, access to production resources, and offer broadcast opportunities for citizens. Residents and institutions within Keene and Swanzey are encouraged to use these resources. Cheshire TV plans to continue to work with students in the local area and this is an area Ms. Turner stated she will like to see expanded. As the school year begins they would like to present the two \$500 scholarships they have available.

The plan for the future is to staff operations with dedicated people who see success for Cheshire TV.

She noted the rent increase is something that is still within their means; the operating budget will be updated based on this increase and increase to heating cost, which will increase their budget by about \$15,500. Ms. Turner noted they also have a capital expenditure budget which is used to purchase equipment and a networking system has not been set up in the office which has been an issue for staff for a long time. Some smaller computers have also been purchased.

Ms. Turner stated she would like to see more transparency from the Board in the future and staff be well educated and a much better team atmosphere. She noted that they have hired on an HR firm who is helping with staff hiring, looking at needs for the Director and updates to the employee handbook.

Ms. Dragon stated Ms. Turner has been very responsive to the City with their questions. She noted the agreement the City has with Cheshire TV is for contract service and section 11 says they are an independent contractor as a result, the City has no oversight of Cheshire TV's personnel or day to day operations. There is an agreement regarding what the City can expect for the money that is provided. She noted Cheshire TV should be holding a 5% contingency fund which she noted she did not see separated in their financial statements. The Manager also questioned what their capital reserve was. The Manager noted last year there was a requirement to cover Planning Board and Zoning Board sessions and indicated she was under the impression

these sessions were being covered but it was not indicated in the report. She also asked for the name of their auditor. Ms. Turner stated the auditor was Russ and Company from Swanzey.

Councilor Clark thanked Ms. Turner for her presentation and noted he is more concerned about what is going to happen in the future and how Cheshire TV serves city functions. He asked whether Cheshire TV has upgraded Nexis for the two channels. Ms. Turner stated the Nexis contract was never sent out. It has now been sent out and will be in, in the next 4 to 6 weeks.

Councilor Clark asked about the upgrades that were outlined in the budget for last year. Ms. Turner stated she was not aware of this and felt this is something that should have happened a long time ago. She indicated this is now being done and is a line item that needs to be increased. The Councilor urged Ms. Turner to look at where this money is, the money that was allocated for upgrades.

Ms. Dragon updated Ms. Turner with what the City has done recently to Council Chambers; upgrade to PA system and cameras have been changed.

Councilor Hooper stated he was recently appointed by the Mayor to represent the City on the Cheshire TV Board. He commended Ms. Turner's commitment and agreed with Councilor Clark that we should be looking to the future.

Councilor Clark clarified the City will be able to see a copy of the audit report and a copy of the budget before the next quarter. Ms. Turner stated the City should have a copy of these documents after November 10, the date of the next Board meeting.

Asst. City Manager/IT Director Rebecca Landry addressed the committee and noted the City has had to embrace new video technology during the last six months and asked how this would affect Cheshire TV going forward. Ms. Turner stated this is something that is important to them – Cheshire TV is a lot different now with much more modern technology. She noted they have a very young staff who are more fluent with this technology. She indicated they have a plan to move forward.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommends accepting presentation by Chairman of the Cheshire TV Board Jodi Turner as informational.

3) FAA Reimbursable Agreement - Airport Director

Airport Director David Hickling addressed the committee and stated the City was in receipt of grants in the recent past. One of those grants was to fund work needed on the navigational systems to support the instrument landing system. This work needs to be completed by FAA technicians and this agreement is for the completion of that work.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute an agreement with the FAA to perform services required for the completion of the airport taxiway extension project.

4. Verbal Update: Wastewater Treatment Plant Power Purchase Project - EMD/Public Works Director

City Manager Elizabeth Dragon addressed the committee first. Ms. Dragon stated that the City's Waste Water Treatment Plant (WWTP) is the largest energy user in Cheshire County. In November 2019, the City issued a Request for Proposals (RFP) for a clean renewable energy system to provide this power. The City drafted the RFP in a way that would encourage proposals for any type of clean renewable system and was not aimed at exclusively at solar projects. However, the solar proposal from revision did prove to be the most attractive option. In June 2020, the Council authorized staff move forward and negotiate a Letter of Intent (LOI) with Revision Solar.

Ms. Dragon noted legislation has been put forward many times to increase the net metering cap in New Hampshire. The hope was this increase would happen in 2019 to allow for the design of a larger system which could provide more favorable rates. Unfortunately, that didn't happen but the City decided to pursue a solar project up to the 1 megawatt metering cap which would be enough power to offset the needs of the WWTP. Without battery storage capability for this behind the meter power the City is forced to purchase and sell power back to Eversource during the times the sun isn't shining but the plant is still running.

The Manager noted, the City has a great team of staff working diligently with Revision Solar since June to craft a project that will provide modest cost savings for the WWTP and offset the facilities carbon footprint. The team included Public Works Director, Kurt Blomquist, Asst. Public Works Director/Utilities Manager, Tom Moran, Asst. Public Works Director, Duncan Watson, Community Development Director, Rhett Lamb, and City Attorney, Tom Mullins.

Staff evaluated the funding model for outright purchase and construction of the array over both 20 and 15-year bonding scenarios as well as the proposed Power Purchase Options which will allow the project to be built with minimal capital outlay by the City (similar to the city project built on Marlboro Street). A power purchase option with the potential of a buyout in year six is staff's recommendation this evening.

Since the array is being built on airport land and the airport is a separate fund, staff included in its analysis, an approximate lease payment of \$12,500 from the WWTP to the airport each year. In addition, due to some flooding issues in this area which increased the cost of the installation, it was necessary to also include an initial investment of \$83,698 from the WWTP to the project in year one.

In the analysis, staff compared our known costs for electricity against the power purchase rate, plus the cost of electricity, the City would still need to purchase during the hours the sun isn't producing, and the difference that would be able to be sold back to the grid. Staff then added the cost of the new lease with the airport and added the initial \$83,698 investment in year one. Due

to this initial cost the first year of construction will actually see an increase in expenses of \$78,344. However, starting in year 2, the City will begin to see a modest annual savings of just over \$7,000 which improves over the term of the agreement (without the inclusion of the airport lease it would obviously be much larger). Unfortunately, with the lease the City does not offset this initial expense until year seven under current conditions. This analysis doesn't include the possibility of increased electricity consumption with the potential addition of an electric sludge dryer considered in the CIP. At the end of the first 20 years, the City will have conservatively saved just under \$600,000.

Starting in year six, the City has the ability to purchase the array at a million dollars less than the original construction cost. The City will need to evaluate bonding rates and current electric usage at that time to do an analysis of purchase versus continued operation under the Power Purchase Agreement. Purchase at year 6 will provide an opportunity for greater savings and better analysis with real historical data.

The Manager stated while she would have preferred a project with no upfront costs and greater savings, this project work is beneficial. It will provide energy costs savings, it will provide the opportunity for even greater savings starting in year six, if the current electric usage increases with the addition of a sludge dryer, the cost savings become even greater. This solar project locks in electricity prices which provides cost stability for the future. This project increases resiliency by adding more locally sourced renewables to the City's overall energy portfolio.

Ms. Dragon stated, tonight the City will be looking to take the next step and request a motion from the Council to negotiate and execute a power purchase agreement with a potential buyout starting in year six.

With that the Manager turned the presentation over to Dan Weeks from Revision Solar. Ms. Dragon extended her appreciation to Revision Solar for their commitment to this project.

Mr. Dan Weeks addressed the committee next and began by providing a quick overview of the company. Revision Solar employs close to 300 employees. They have built close to 10,000 systems across New England since it was founded in 2003. Filtrine Manufacturing and Badger Company are two most recent projects. He also noted to the municipal project on Marlboro Street and noted to statistics since 2018 and noted the City is in target to meet the goals.

Mr. Weeks noted, in the RFP the City asked Revision to look at a few different locations. The one to the north of the runway would be a 3.2 megawatt system which is not viable given the 1 megawatt restriction. However, the one to the south at 1.3 megawatt would work for the WWTP. What is being proposed is a 1.36 megawatt solar array directly north of the plant. Floodplain designation has been completed by a consultant.

Mr. Weeks explained a WWTP will have a fairly steady load and added solar does peak during the summer months and during those times when it does not coincide with the plant, at those times power will be net metered and sold to Eversource and in real time electrons will flow to the airport hangar and to neighboring streets to help businesses in the area. During nights and rainy days the plant will continue to purchase power from the grid.

Mr. Weeks noted to a historic monthly load comparison and applauded the City for the number of efficiencies put in place at the plant. As indicated by the Manager, the addition of the dryer will add an estimated 900,000 kw hours of load (60% additional load) which he noted will help

with energy value and would offset the full retail cost of the electricity that will eliminate the necessity to sell the excess power to the grid.

Mr. Weeks then talked about the financial impact. The reason for the Power Purchase Agreement (PPA) Structure is because the existing solar codes incentives are directed through tax codes. However, because of investors and families right in Keene who have the tax liability, they helped with the Marlboro Street project and will be used again for this project. Because of this, the City will be able to five years later, reduce the buyout price from 2.6 million to 1.6 million in year six and during these first five years the City commits to buying power generated by the array. It is then the City's choice in year six to buy it out (based on bond market at that time). Using the PPA, the City will purchase power generated by the array, use a portion of it and sell a portion of it back to the utility and realize some capacity reduction revenue as well. When you put this all together, \$670,000 would be the approximate savings in year one, which will increase moving forward.

If the City was the have Revision Solar provide services for the full 25 year warranty period and the full 40 year life span (degradation is built-in) the projected savings will be close to 3 million over 25 years – if the buyout option is used. If it is carried out to the full 40 years it is about 8 million in savings. The average unit cost will be 14.7 cents through the PPA it could be less. This concluded Mr. Weeks' presentation. Mr. Weeks added Revision Solar is always open to apprenticeship programs.

Councilor Clark asked whether the foot print would be grass that is going to require maintenance. Mr. Weeks stated they have always planted pollinator habitats in areas they have served but have not got into those details with this site yet.

Councilor Hooper asked how this proposal would work with the plan by the FAA to construct a fence around the airport to keep wild animals out of the runway. The Manager stated this project will have no effect on the fence project as that is further out.

Mr. Peter Hansel, Vice Chair of the Energy and Climate Committee and Chair of the Community Power Committee, stated he was addressing the committee as a private citizen. Mr. Hansel stated our climate cannot wait for a better time for a project such as this. He encouraged the City to move forward with this project.

Councilor Hooper made the following motion, which was seconded by Councilor Clark.

On 5-0 roll call vote, the Finance, Organization and Personnel Committee recommend that the City Manager be authorized to do all things necessary to negotiate and execute a Power Purchase Agreement with Revision Solar for the installation and maintenance of a solar array on the grounds of the Dillant-Hopkins Airport to provide renewable energy for the City of Keene Wastewater Treatment Plant including an option to purchase the array on or after year six of the agreement.

There being no further business, Chair Powers adjourned the meeting at 7:58 PM.

Respectfully submitted by,
Krishni Pahl, Minute Taker