

MINUTES OF THE CHESHIRE TOWN COUNCIL PLANNING COMMITTEE MEETING
HELD ON TUESDAY, AUGUST 26, 2014 AT 7:30 P.M. IN ROOM 207 TOWN HALL, 84
SOUTH MAIN STREET, CHESHIRE CT 06410

Present

James Sima, Chairman; Patti Flynn-Harris, David Schrumm;
Town Council Chairman Timothy Slocum
Walter Gancarz, Town Engineer; George Noewatne, PW Director; Gerald Sitko,
Economic Development Coordinator
Guest: Alex Kovtunenکو, Energize Connecticut, CEFIA

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

The group Pledged Allegiance to the Flag.

2. LINEAR TRAIL RESTROOMS AND WATER FOUNTAIN

This agenda item was moved to later in the agenda.

3. CLEAN ENERGY C-PACE PROGRAM

Mr. Sitko informed the committee that in 2013 the C-Pace program was discussed with the Council, but no decisions were made. There are now 80 municipalities participating in the program. In discussions with the Economic Development Commission (EDC) Mr. Sitko stated they support the C-Pace program and see benefits of Town participation. The Energy Commission has also discussed the C-Pace project and supports Town participation.

Under the C-Pace program, a commercial/industrial property owner can finance a 20 year loan for qualified energy efficiency and clean energy improvements (more than \$150,000) through an additional assessment on their properties. The municipality must participate through approval of its legislative body. Municipality responsibilities include levying the benefit assessment, placing, recording and releasing the lien and billing and collecting the funds for the additional assessment and making payments to the Clean Energy Finance and Investment Authority (CEFIA).

Alex Kovtunenکو represented CEFIA, and explained it is a quasi public organization offering funding for energy improvements to commercial, industrial or multi-residential property owners. There is a lien placed on the property on a loan up to 20 years. For property with a mortgage, this lien is senior to the mortgage, and a municipality must opt into the program and play a role in its administration. The property owner gets 100% energy cost benefits, with a secured lien on the property which runs with the property. The program is an economic development tool, and reduces energy costs. The energy program must be fixed to the land, i.e. solar panels, HVAC improvements. The interest rate on the loan is about 5.6%. Mr. Kovtunenکو advised that this program does not apply to municipal buildings.

Role of Municipality – Mr. Kovtunenکو outlined the role of the Town for the program. The property owner applies to CEFIA; financing is approved; the town files a benefit assessments lien; the tax collector gets loan payments and forwards them to CEFIA. If the property owner defaults in payments, CEFIA is notified and pursues the property owner for payment without responsibility to the municipality to collect the payment.

With regard to the role of the town, payment default by the property owner, and the tax lien itself, Mr. Sima asked about the notification to CEFIA, and possible CEFIA decision to foreclose on the property. He asked about equipment becoming obsolete during the term of the loan, when the town is free and clear of the lien, and if anything happens to the town.

According to Mr. Kovtunenکو, CEFIA or the private lien holder is responsible, and foreclosure is only for payments in arrears. He noted that the repayment obligation stays with the land for future property owners to make payments. With regard to the 20 years of the loan on the energy equipment, he said the equipment would not become obsolete and will pay for itself.

It was noted by Mr. Sima that the Town of Cheshire sells liens, has no further responsibility for collection of the money which goes to a 3rd party who purchased the liens. With CEFIA, as soon as a town buys into the agreement, there is a lien, and the town must take payments and transfer them to CEFIA. Mr. Sima stated that with this program Cheshire is the conduit to move money to a 2nd lien holder, but the tax payments come first.

Mr. Kovtunenکو stated that the tax collector is involved because the property owner is familiar with the tax collection bill, and the model used is the same as the sewer tax bill. With foreclosure and delinquent payments, the town does not have to collect anything owed. The town's tax collection system is used; there is a new line item for the CEFIA payment; and the payment cycle is the same as the town's tax collection system. A municipality is paid \$500 up front for administrative services when the first property enters the program. Mr. Kovtunenکو said there is no big administrative burden on the municipality, and the program works with the tax collector.

Ms. Flynn-Harris asked about the number of properties that could participate and if EDC has identified a number.

In response, Mr. Sitko said all commercial and industrial buildings can participate. He has spoken with Tax Collector Donlan, who stated there is no problem for the town being involved with this program.

Mr. Schrumm commented on installation of solar panels at \$150,000 making economic sense, and the property owner going to a bank for this loan rather than CEFIA, and getting a better market interest rate.

Mr. Kovtunenکو said the security of the lien on the property makes the interest rate lower through CEFIA, and it is easier to secure the loan.

It was noted by Mr. Schrumm that a well operated company could secure a loan from its bank for business or energy equipment. He questioned why a company would go through the convoluted process of CEFIA. Also, the state could back stop the loan, and under the program CEFIA is giving a loan guarantee to a business.

According to Mr. Kovtunenکو, a business cannot get a 20 year loan at 6% for energy improvements, and this is the reason the CEFIA program is successful. Property owners like it and there is a rigorous financial underwriting process.

The issue of private loans versus a CEFIA loan was discussed. Mr. Sitko reported that EDC had some questions about private loans and believes it is an option. If the Town Council recommends that Cheshire get involved in this program, there will be promotions to local businesses. Property owners could get CEFIA or private funding.

The Council was told by Mr. Kovtunenکو that CEFIA charges closing costs for the underwriting of the deals and capitalizes these costs into the loan. CEFIA has already sold \$30 million of loans to private capital groups and no state money is being spent. About 100 deals have been done statewide, with \$750,000 as the average deal. Mr. Kovtunenکو noted that the \$500 up front payment to the municipality is a one time payment, and is not paid per deal. If there are high costs these can be negotiated; the town can opt out of the deal; but, the town must continue accepting the lien payments for CEFIA.

Regarding the billing for the lien, Mr. Schrumm asked if this would be part of the accounting for the Finance Department, and if this is under state statute.

Town Engineer Gancarز informed the committee that the Energy Commission supports this program as another tool for local businesses, and it does assist economic development. He advised the Town received a \$5,000 grant which has a \$2,900 balance to be used by October or it goes back to the state. The recommendation of the Energy Commission is to use this money to market the CEFIA program to local businesses.

PUBLIC

Tim White, 1682 Orchard Hill Road, asked for names of organizations doing this program, if building permits were involved, and if property taxes increase with the improvements.

Mr. Kovtunenکو stated that many YMCA organizations are participating in this program, and he can submit details on specific buildings.

The concern of the effect on Town staff was raised by Mr. Sima.

The process involving the town was explained by Mr. Kovtunenکو. He said the Town Clerk receives the completed lien; the assignment of the line is filed on the land records; CEFIA works with the tax collector on the software for payment schedule of the lien; and payments are turned over to CEFIA. There is a foreclosure process; a new property owner takes over the payment of the line; and payment must be made within 60 days of the tax collection cycle.

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

MOVED that the Clean Energy C-Pace program be forwarded to the Town Council for consideration and approval.

VOTE The motion passed 2-1; Schrumm opposed.

2. LINEAR TRAIL RESTROOMS AND WATER FOUNTAIN

Mr. Sima reported that at the last committee meeting there was consideration of a West Main Street bathroom and water fountain. There were concerns about the Jarvis Street parking lot lack of utilities for installation of a Clivus unit. He noted the State may not have the funds available much longer to pay for two facilities.

The committee was told by Mr. Noewatne that the State needs to have a final decision from Cheshire on the Jarvis Street Clivus units. The West Main Street decision has some time due to complications around the Dalton piece. The only change is the State proposing two Clivus units on Jarvis Street, which are 95% composting units, with the liquid pumped out about twice a year. He said the State knows the Town limitation for the project cannot exceed \$350,000, and wants an answer. The units will be installed by the State, not the Town, but the Town would maintain the units.

According to Mr. Schrumm the State should have the money to do the parking lot and West Main Street, with the Town's obligation to maintain the units.

There is a State commitment to West Main Street, and Ms. Flynn-Harris said the Town requested the State install the units and the Town assumes maintenance.

Mr. Sima wants the agreement to state that the State of Connecticut will do Jarvis and West Main Streets, and he wants the two tied together. If Cheshire agrees to the Jarvis Street units, then the State can also put in West Main Street bathroom unit and water fountain. The Town will assume maintenance.

In that regard, Ms. Flynn-Harris noted that they are two separate projects and fundings, with the West Main Street decision due in February.

Mr. Sima said there can be a standard bathroom facility at West Main Street because there are utilities and water, with the Clivus units installed at Jarvis Street.

For the standard bathroom facility with public water, Ms. Flynn-Harris said this is not a good idea due to possible damage, amount of usage, and lots of water. She recommends Clivus units at both sites. There is also more work for the Public Works crews with a traditional unit at West Main Street – more maintenance, turning off the water in winter etc.

Regarding maintenance and costs, Mr. Noewatne discussed this issue with Parks and Rec Director Ceccolini. The annual cost for maintenance of a unit is about \$5,500. Clivus has a program for quarterly services at \$10,000 a year (check units, cleaning, drainage etc.). He informed the committee that the Clivus units are more expensive, about \$60,000 to \$70,000 for a pre-cast unit.

Mr. Sima noted the State's original proposal from Mr. Bushee was for a Clivus unit at Jarvis Street, and a standard bathroom facility and drinking fountain at West Main Street. He said there would be the same winterization issues.

Mr. Slocum said there can still be a drinking fountain at West Main Street with a Clivus unit, and there would be no water, paper towels etc. The Jarvis Street decision must be made now for the planning of the parking lot, with the West Main Street decision later.

Mr. Schrumm wants 2 Clivus units and a drinking fountain at West Main Street.

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

MOVED that the Planning Committee recommends the Town Council authorize two (2) Clivus units at West Main Street; two (2) Clivus units at Jarvis Street; and a drinking fountain at West Main Street. The entire expense for construction will be borne by the State of Connecticut. The Town of Cheshire will assume maintenance of these facilities.

Discussion

Mr. Sima said this is the wrong way to go on West Main Street, and he prefers a wash room setup at this site.

Mr. Noewatne said the Town may have the opportunity to negotiate with the State about the West Main Street facilities.

The Town Council wants a guarantee of something at each location.

VOTE The motion passed 2-1; Sima opposed

4. STREET LIGHT PROGRAM

Mr. Gancarz reported that the Energy Commission supports the Town's participation for an agreement with CCM for evaluation of privatizing/upgrading street lights in Cheshire, at no cost to the Town. Siemens was the contractor, but is no longer the contractor.

There will be a contractor who will quantify costs if the street lights are purchased by the Town, LED, capital costs and energy savings. The Town pays 16 cents per kwh, and the LED rate is 2.3 cents per kwh, and this is where the cost savings comes into play. There would be a study; a report will be received; the Town decides what to do with the report; and the only condition going forward would be a one year commitment period to use the firm doing the study for services performed. After that time the Town takes over ownership of the street lights. As part of the design, the firm will look at areas where street lights could be reduced, but would not look to expand areas.

Mr. Gancarz suggested using this study as a vehicle at no cost to the Town. The study will show a reduction in kwh costs; lights would be changed to LED; and the Town would maintain the poles and lights and absorb associated costs. His recommendation is go forward with this study, and said NU may have future PURA programs.

The option to stay with CL&P was stated by Mr. Schrumm, with installation of LED lights, reducing the rates with a new rate structure.

PUBLIC

Tim White explained that one of the things driving this issue with CL&P and UI is the month of January, 7 p.m. to 9 p.m. driving the rates, and they want to push this program by November. When it comes to generation CL&P and UI do not own it.

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

MOVED that the Planning Committee move going to CCM for the Street Light Program to conduct a performance study of the street lights in Cheshire.

VOTE The motion passed unanimously by those present.

5. ELECTRIC VEHICLE CHARGING STATION

This item is another recommendation from the Energy Commission to be located at the Library which is a central location. Mr. Gancarz stated the Town Manager prefers Town Hall as the location for a charging station. He has visited the charging station in Madison CT, which has two stations with two dedicated parking spaces.

Mr. Gancarz explained the cost for a charging station is about \$20,000; Cheshire has a \$10,000 energy grant which can be used towards the costs; and the 3rd and 4th round of grants will give a minimum of \$4,000. The application is due August 27th by 5 p.m. for evaluation of the proposal without a commitment by the Town to accept the program. The cost to the Town would be about \$6,000. In the application the Library is stated as the site for the charging station, and the station must be within walking distance of a restaurant, retail or entertainment facilities. Both the Library and Town Hall meet the criteria for the location of the charging station.

In order for Cheshire to get the grant, the first three years of charging station use must be free, and after that time there can be a charge imposed for the electricity. Users would swipe a credit card to avoid vandalism.

Mr. Sima stated his opposition to the Town paying for someone to fill up a vehicle with energy, and said the \$10,000 grant can be used for something else.

Mr. Schrumm also stated his opposition to a charging station, and asked if the Town would give away free gas.

In that regard, Mr. Gancarz responded that only the grant funds (\$10,000) could be used, and there could be a charge imposed for use of the station. The \$4,000 grant could be used for another energy program. The electrical charging station grant has the requirement of free use for three years. Without this grant, the Town would have to make up the \$10,000 difference to install a charging station.

The committee was informed by Mr. Sima that there is a charging station on Meriden Waterbury Road, and he does not see vehicles there except for the owners. He does not understand why the Town has an obligation to fill up the energy tank for electric car owners.

Ms. Flynn-Harris questioned if there have been public requests for this station and if there is a public demand.

Mr. Slocum believes the idea is to have this station so municipalities can start purchasing electric vehicles.

PUBLIC

Tim White advised there are 53 electric vehicles on the grand list, and most people charge their cars at home, but there is range anxiety.

The Planning Committee decided to not move this agenda item forward to the full Town Council.

6. MICROGRID GRANT PROGRAM

Mr. Gancarz explained that round #2 for this grant was August and the Energy Commission felt this program should go forward to the Town Council as there may be round #3 coming up. If Cheshire is accepted for the program there is a very detailed application. The site would be Maple Avenue and West Main Street intersection. The time frame for review and report to the Council before the next application is due is three months.

Mr. Gancarz reported that Fairfield CT received the grant, and he had a copy of their application for Council review. The grant was \$1.5 million, with the town's responsibility of \$115,000. Fairfield CT retrofitted its municipal campus. In Hartford CT there were two private businesses as part of the retrofit.

It was stated by Ms. Flynn-Harris that the best location in Cheshire is West Main and Maple, and there would have to be negotiations with private entities affected by the Microgrid.

At this point Mr. Sima said Cheshire would wait for the next round, and staff will have to provide information on the best location for the retrofit.

7. SOLAR FARM PROPOSAL

Chairman Sima invited Tim White to present the proposal to the committee.

Mr. White explained the proposal is to put solar panels on the closed landfill, and said there is an opportunity to save up to \$30,000 in energy savings in the first year. Over 20 of PPA there has been \$350,000 in savings. The Energy Commission requests that the Council consider the viability and economics of a solar farm at the landfill. Mr. White noted that RWA has a one acre facility in Hamden, with \$50,000 per year savings. The proposed site for Cheshire is behind the Dog Park. If there is a private developer, they get the federal tax credit of 30%; the developer sells electricity to the Town using Town property; but the Town still has rights over the property, and must maintain the landfill capping.

According to Mr. White the cost for solar continues to fall, and the real estate developer puts money in, gets money out and gets the tax credit. The cost would be about \$4 million. The Town would pay 7.5 cents PPA rate, and Mr. White expects 6.8 cents per kwh in the next round. Mr. White reviewed the complex financial components of the program for the record. He noted that many developers are looking to undertake this program. The best savings for the Town is a town wide renewable energy program.

The committee was informed by Mr. Gancarz that one call has been received on this issue. The Town could put out an RFP for use of the landfill property, and he thinks many firms would be interested.

Mr. Sima pointed out that the question is whether this could be done over the agreement in place with the landfill capping. After 25 years major maintenance is required and he asked who owns it.

In response, Mr. White researched this question with DEEP. At the end of the life of the cell, he said the developer owns the cells/equipment, but the Town owns the landfill.

Regarding the equipment (Array) Mr. Sima does not want obsolete equipment on top of the landfill which must be disposed of by the Town. He also asked about the end of the agreement with the assurance that the developer removes the cells.

This is an issue which can be discussed further and Mr. Gancarz said this stipulation could be part of the agreement. He will look into the program further, and noted it could be \$30,000 a year in revenue to the Town for property it does not use.

The committee looked at a computer map of the area of Town being discussed, and Mr. White pointed out the landfill area.

Ms. Flynn-Harris pointed out that the top of the solar panels could be seen from the road.

Mr. White stated that the developer needs an off-taker, someone to buy the electricity, and it is not just the land. Once the off-taker is found, and the Town indicates interest in engaging in a contract, Mr. White said people will come forward.

A question was posed by Mr. Sima about the Town incurring this on its own, costs and increased savings.

In response, Mr. White has asked DEEP about this, and it is probably a \$3.5 million outlay. The landfill would be virtual net metering, and is only for town, state and agriculture with 100% of the delivery rate netted down. Mr. White explained net metering and virtual net metering for the committee.

The issue will be discussed further by the Planning Committee. No action or decisions were made by the committee.

7. ADJOURNMENT

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

MOVED to adjourn the meeting at 9:40 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk