

**TOWN OF KINGSTON  
MASSACHUSETTS**

**FINANCE COMMITTEE**

**Minutes  
30 September 2010**

Chairman Elaine Fiore opened a meeting of the Finance Committee at 7:12 PM on 30 September 2010 in the Kingston Town Hall. Other members present were Claire Soares, Lawrence Hunt, and Paul Ricci. Absent were Mathew Hamilton and David Lofstrom. Also attending were Town Administrator Jill Myers, Town Planner Thomas Bott, Weston & Sampson representative Stephen Wiehe, and the following members of the Green Energy Committee: Mark Beaton, Chairman, who called his Committee's meeting to order; Antoine Nessralla; Michael O'Meara; Pine duBois; and Eugene Wyatt.

Mr. Beaton reported that the sole responder to the Town's RFP for offers to lease town-owned land on which to construct and operate a wind turbine was D & C Construction who submitted a bid form proposing to pay the Town \$150,000 annually with a 3.5 percent annual increase to lease the town property and a financial plan indicating its ability to carry out its proposal, copies of which are attached to and made a part of these Minutes. He also reported that the Green Energy Committee and Weston & Sampson will interview D & C Construction representatives.

Mr. Wiehe, the Town's consulting engineer, reported –

- having evaluated the bid and found it responsive;
- that D & C's proposal was modeled after its wind-turbine project in place in Hull, Massachusetts, which has been working well for several years;
- that the Company's financial position and responses to DEP requirements appear to be satisfactory;
- the project is not producing any gas; therefore, the contract must be based solely on producing electricity;
- noted that the Town is leasing the land and not owning the turbine outright.

Mr. Ricci asked whether the contractor would pay the town for the lease whether or not the turbine is operating.

There was discussion of negotiating a Power Purchasing Agreement rather than just accepting a lease payment. Mr. Hunt proposed asking for 10 per cent below the prevailing rate rather than a flat rate and asked to have a floor established for output in the event the turbine is non-functioning for any period of time.

Mr. Beaton said –

- he estimated the project, when operating, could yield a \$500,000 per-year savings to the Town;
- in response to another question from Mr. Ricci, Mr. Beaton said individual taxpayers would not benefit from the savings;

- that the Committee has created, by vote of town meeting, an Enterprise Fund for the utility and that what isn't spent will be deposited to the Town's General Fund;

Mr. Beaton said the Town will negotiate whether –

- varying rates can be set for Town departments based on usage;
- the Committee will negotiate rewards against risks.
- the Committee will ask for a service drop at the turbine;
- there will be two meters, one recording energy production and one recording energy usage resulting in net metering;
- that the greater the usage, the lower the rate will be.

Mr. Wiehe said that if the rates rise, credits will rise and that a \$2.4 million renewable energy credit is now available. He reported that there is other information yet to be obtained from the candidate, some of which is listed in a document entitled "MEMORANDUM" from Weston & Sampson Engineers, Inc., dated 30 September 2010, In Re "Lease for Renewable Energy Facilities," a copy of which is attached to and made a part of these Minutes.

Ms. Fiore questioned whether there would have to be a change in the contract if the government's subsidy is cut in order to equalize costs between the Town and the contractor.

Mr. Hunt questioned whether there are provisions in the RFP for decommissioning the wind turbine at the end of its anticipated 20-year life. He also asked about the lease revenue being used against the levy since the payment is in lieu of taxes.

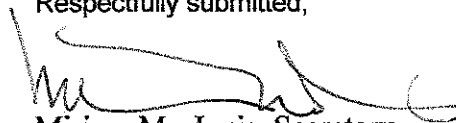
There was discussion of the possible manufacturer, the size and the height of the turbine. Mr. Wiehe reported that the maximum size of the turbine should be 2.0 megawatt and it would require 50 acres of land to support one 2.0 MW turbine. Mr. Bott advised that the Town's zoning bylaw permits a height of 418 feet for this use so a variance should not be required. Mr. Wiehe expressed concern about risking patent infringement if using a turbine manufactured by Vestas or Hyundai.

The Committees then discussed three bids that were received on RFPs for constructing solar panels on Town land. They were from Borrego, Ameresco dba ABC, and D&C Construction. Mr. Wiehe reported the terms of the offers were very close. Mr. Beaton reported the Green Energy Committee will be meeting with each bidder to learn the differences in megawatts, tax revenue, experience in constructing solar panels on top of a landfill, and the companies' financial liability.

He reported that he expects both projects to be done simultaneously and said he hoped the Town will use enough electricity to be the sole user. Ms. Myers advised the wind-energy process is farther along.

There being no further discussion or any vote, the meeting was adjourned at 8:20 PM.

Respectfully submitted,



Miriam MacInnis, Secretary