

NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: OCTOBER 23, 2017
TIME: 7:02 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214, MUNICIPAL BUILDING

PRESENT: COUNCILLORS LINDA MORAD, CHAIRPERSON; JAMES OLIVEIRA, VICE CHAIRMAN; IAN ABREU; NAOMI CARNEY; DEBORA COELHO; HUGH DUNN; JOSEPH LOPES; STEVEN MARTINS; DANA REBEIRO; KERRY WINTERSON

ABSENT: COUNCILLOR BRIAN GOMES

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Councillor Morad called the Finance Committee Meeting to order and took attendance. The Clerk read a Communication from Councillor Gomes explaining his absence from this meeting. This Communication was received and placed on file by Councillor Martins and seconded by Councillor Lopes.

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Notice, City Clerk of reference of a WRITTEN MOTION, Councillors Abreu, Carney, Martins, Morad, Rebeiro and Winteron, requesting, that Airport Manager Scot Servis and Chief Financial Officer Ari Sky appear before the Committee on Finance to discuss the “reported” appointment of the Acting Assistant Manager, the salary being paid by the Airport Enterprise Fund to the Acting Assistant Manager and the specific duties that are the responsibility of the Acting Assistant Manager. (To be Referred to the Committee on Finance.) (Ref’d 9/14/17) (1)

Councillor Morad told the Committee that she received an email from Scot Servis on October 5th stating he would be out of the State and unable to attend this meeting.

On motion by Councillor Lopes and seconded by Councillor Martins, the Committee VOTED: To table this matter at this time. This motion passed on a voice vote.

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Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, submitting AN ORDER authorizing the Mayor to enter into a Master Lease Agreement in the amount not to exceed \$3,684,000.00 for the financing of the costs of Phase 2 energy conservation measures and facility measures to various municipal buildings and facilities pursuant to the master energy management services agreement between the City and Siemens Industry, Inc. (Ref’d 9/28/17) was received and placed on file by Councillor Martins and seconded by Councillor Lopes. (2, 2a)

Ari Sky, CFO, gave an overview of phase one accomplishments. He introduced Bruce Terry of Source One (53 State Street, Boston) the company charged with the oversight of Siemens. Phase one fell between 2016 and 2017. \$14,400.00 was spent on

energy upgrades which resulted in a guaranteed savings of 3,500,000 kwh and 100,000 gallons of oil. The projected annual savings to the city was \$874,000; the rebate incentives totaled \$1,700,000. A list of the local contractors and companies used to do the work was presented in the Power Point. Phase one projects included work at City Hall, New Bedford High School, Hathaway School, the Main Library, Howland Green Library, Lawler Library, Zeiterion Theatre and garage, DPI Administration building, Facility Operations Building, Paul Rodrigues Administration Building, Pulaski School, Gomes School, Parker School, Hayden McFadden, Keith, Roosevelt, Normandin and DFFM Administration Building.

Phase two consists of smaller projects, same activities as previously referenced but on a smaller scale. The item was taken up out of order without objection.

Roland Butzke of Siemens was present and he explained that in light of the contract Siemens has an office now located in New Bedford at 700 Pleasant Street. Since the initiation of the contract, they have provided grants for energy education to schools in the city grades 1-8. They have also provided a \$250,000 Grant to BCC and the Work Force Investment Board for internships and training.

Ari Sky, CFO, explained that the funding for these projects is a part of each department's operating budgets, so it does not actually affect the general fund. The financing for Phase Two was granted through TD Bank Equipment Financing, and the payback is for 17 years, a little longer than Phase One, but the best proposition for the city.

It was explained that a reduction in energy consumption is guaranteed under the proposal with Siemens, and that if Siemens fails they are contractually obligated to make the city whole for any shortfalls.

Councillor Lopes cited a number of Phase two proposals and asked once done what the life expectancy of each project would be. He was told once the work was done, 25 years is the average. He asked what a chiller was, as its upgrade was a part of the proposal and was told it is a system that chills water.

Ken Blanchard, DFFM Director, was asked why out of the 3 major projects referenced 2 of them were schools. He in turn gave the question to Andrew Leary, Business Manager for New Bedford Public Schools. Mr. Leary explained that a number of the energy improvements were done or will be done to the schools; this will result in a savings for the city and the School Department. He did say that school facility employees were being trained on how to maintain the upgrades that are being installed. The staffing model to handle the improvements would be met.

Councillor Morad asked why Al Oliveira the Facilities Manager for NBPS was not present and Mr. Leary stated he was unable to attend due to a commitment that just came up.

Councillor Rebeiro asked Commissioner Blanchard what would happen if they did not make these changes. He explained they have been talked about for years. Doing them now would be most cost effective and to wait any longer would result in higher costs to do them in the future.

Councillor Winterson asked about the Buttonwood Park Greenhouse upgrades, he was told they were to make the building energy tight, addressing windows, doors, electrical, etc. The same was explained for the Brooks School and the Rural Cemetery office.

It was explained that Fire Stations 2, 5, and 7 would have energy upgrades as well, that it would not disrupt operations, as they were minor but needed upgrades, for example shower heads, lighting fixtures, etc.

It was asked if Voc-Tech students are being used as well. Mr. Butzke explained that they are using local contractors who in turn hire Voc-Tech students under its internship program.

Councillor Morad asked about training staff to adequately handle the upgrades. Mr. Butzke explained that they have a contractual responsibility to train the city's employees, so he is actively engaging the city workers. The employees are grasping the training as it relates to the technology and technical upgrades being installed. He assured the Committee that Siemens was not going anywhere, that this agreement between the city and Siemens, puts Siemens in New Bedford for the next twenty (20) years.

Councillor Morad asked Ari Sky about the \$600,000 in savings, how it was arrived at and she was told that the scope of projects changed, give and takes allowed for the savings without jeopardizing quality. \$1,864,000 of the Phase Two budget would be attributed to the schools in the city, the remainder to City Property. She asked who checked to see that what supposed to be done is being done. She was told that it where Source One comes in.

Councillor Carney asked for clarification as to how the loan would be repaid. Ari Sky explained it will be paid back through each department's annual operating budgets.

On motion by Councillor Lopes and seconded by Councillor Winterson, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER, authorizing the Mayor to enter into a Master Lease Agreement in the amount not to exceed \$3,684,000.00 for the financing of the costs of Phase 2 energy conservation measures and facility measures to various municipal buildings and facilities pursuant to the master energy management services agreement between the City and Siemens Industry, Inc. This motion PASSED on a Roll Call Vote of Yeas 10, Nays 0.

Councillor Abreu made a motion to adjourn, which was seconded by Councillor Winterson.

This meeting adjourned @ 7:49 p.m.

ATTEST:

Denis Lawrence, Jr.,
Clerk of Committees