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**CITY COUNCIL COMMITTEE, AD HOC COMMITTEE,
DANBURY SCHOOLS ENERGY AND CAPITAL IMPROVEMENT PROJECT
MONDAY, JUNE 21, 2010**

The City Council Ad Hoc Committee met in the 3rd Floor Caucus Room of City Hall on Monday, June 21, 2010. Chairwoman, Colleen Stanley called the meeting to order at 5:45 pm.

PRESENT

Committee Members: Chairwoman, Colleen Stanley, Mary Teicholz, and Fred Visconti.

Ex Officio Council Members: Robert Riley, Greg Seabury, Paul Rotello, and Duane Perkins.

Also in attendance: David St. Hilaire, Director of Finance; Les Pinter, Corporation Counsel; Antonio Iadarola, P.E., Director of Public Works; Richard Palanzo, Superintendent of Public Buildings; Dr. Sal Pascarella, Superintendent of Schools; Elio Longo, Director of Finance, Board of Education; and Honeywell Employees Doreen Hamilton, Dave Jones, and Venkat Iyer.

Chairwoman, Colleen Stanley asked Richard Palanzo to give the committee an overview of the proposed project. Mr. Palanzo thanked the Committee for meeting and considering the proposal before the council to replace the Boilers at 5 Public Schools. He stated that the project would increase efficiency, reduce the City's carbon foot print, and keep the heat on and the schools open. Mr. Palanzo then discussed the details of the scope of work to be done at each school. He noted for the committee that currently there are schools that do not have working boilers, and this project would add back-up boilers. He noted that the boilers proposed are dual fuel boilers. He described the 15 year relationship the City has had with Honeywell. Mr. Palanzo noted that 2 schools received Energy Star awards based on the work that the City has done with Honeywell. Finally, Mr. Palanzo described the educational component that will be part of the project available at Danbury High School via a Kiosk that displays real time energy consumption, savings, and additional information.

Chairwoman, Colleen Stanley asked Antonio Iadarola to add to the discussion. Mr. Iadarola commented that the savings in energy costs will help off-set the capital expense. In addition, he discussed the age of the boilers, costs of maintaining the existing boilers, and the damage that could occur to the schools if the boilers fail and the schools freeze.

Chairwoman, Colleen Stanley asked Honeywell for their input on the project. Doreen Hamilton commented on the relationship between Honeywell and the City of Danbury, the planning and engineering for the project, obtaining funding, and the efficiency and durability of the proposed equipment.

Chairwoman, Colleen Stanley asked for clarification as to the products and services Honeywell will provide. Doreen Hamilton stated that they would provide engineering, products, and installation using subcontractors. Mr. Iadarola added that the project would be turn-key for the City. He also stated that Honeywell was guaranteeing energy cost savings.

Chairwoman, Colleen Stanley asked David St. Hilaire to explain the financing of the Lease Purchase agreement. Mr. St. Hilaire described the financing noting that the \$3.5 million lease purchase would be subsidized by Qualified Energy Conservation Bonds (QECB) at an interest rate of 1.74%. A discussion of the payment schedule, the current budgeted amounts, and the anticipated energy savings return ensued.

Chairwoman Stanley asked Dr. Pascarella if the schools noted were the most urgent and if there were any other schools that should be included. Dr. Pascarella stated that the High School and Stadley Rough were the most urgent. The schools noted were the ones that needed new boilers.

Chairwoman Stanley asked for any addition input from those present. Ms. Hamilton commented that the Kiosk can also incorporate any energy savings or conservation programs that the City is doing at other facilities.

Councilwoman Teicholz asked what the financial implications are if the City does not get the additional \$1 million dollar in funding. Mr. St. Hilaire stated the interest rate would be increased. He noted that they are confident that they will get the additional funding.

Fred Visconti asked if the new boiler would resolve the problem at Broadview School. Mr. Iadarola stated that it would as it will be an entire new boiler plant.

Councilman Visconti asked how solid the energy saving was. Mr. St. Hilaire stated that Honeywell guarantees the savings.

Dr. Pascarella asked for clarification on the time line. Mr. Palanzo stated that the High School and Broadview would have new boilers on line by November with the program complete by Christmas. Dr. Pascarella indicated that the work that has been done in the past was done timely as he has been very pleased with the Public Works Dept.

Councilman Riley asked about the status of the boilers at the Alternative Center for Excellence. Mr. Palanzo stated that there is a back-up boiler there and he does not anticipate any problems.

Councilman Riley asked how they will decide which way to fire the boilers, gas or oil. Mr. Palanzo stated that based on the availability of gas in the neighborhood, they would base the decision on the commodity of the fuel.

Councilwoman Teicholz asked Mr. St. Hilaire to confirm that the Council has currently budget \$250,000 for this project and that this year's payment would be \$175,000. Mr. St. Hilaire confirmed and added that the extra amount could be rolled into next year's budget to be applied to that year's payment. He also clarified that the saving guarantee by Honeywell is based on units used and not a specific dollar amount as the cost of fuel can change.

Chairwoman Stanley asked why this project was not going out to bid. Mr. Palanzo stated that urgency of the project was the main reason and added that Honeywell knows the schools heating systems and has the energy usage for the past 15 years, Honeywell has incorporated maintenance software that allows him and/or Honeywell to monitor and adjust the systems remotely, Honeywell is capitalized well enough to buy and install the equipment in the short time-frame, and Honeywell's past performance is excellent. Mr. Iadarola added that Honeywell has the benchmarking data that makes the performance contracting possible. He added that he is confident that he benchmarking data is accurate and is sufficient for the performance contracting proposed.

Councilman Visconti asked Corporate Counsel if the City is compelled to go out to bid. Les Pinter stated that in most cases the City does need to go out to bid. He continued in this case the Council can waive the bid process due to the circumstances of the project.

Chairwoman Stanley asked if the City has any other costs that the Council can use for comparison. Mr. Iadarola stated that his Department does extensive due diligence before bringing the proposal to the Director of Finance. His staff has priced the cost of boilers outside of Honeywell and broken down the costs by school by element of the project. He stated that there will be additional due diligence once the design is completed. Mr. St. Hilaire added that there is a financial benefit to continuing to work with Honeywell as a new vendor would require the purchase of new software, design work that Honeywell has already done, the cost of the RFP process and the energy savings that will not be realized as this project would take much longer.

Councilman Visconti stated that he appreciated all the work that has been done to date and he would recommend moving forward.

Mr. Jones commented that Honeywell has been very happy with the relationship with the City and he appreciated the opportunity. Ms. Hamilton further added that Honeywell has 2 offices in Danbury and is happy to be part of the community. Mr. Iyer said that Honeywell is ready to move forward with this phase and has proven the savings in earlier phases of the project.

Councilman Perkins asked if there were any other plans to improve energy efficiency, for example replacing windows. Mr. Iadarola explained that they have been looking for funding to replace the windows and discussed that at the High School this type of project would have to be done in phases because it is too large to complete in one summer and the work cannot be done while students are in the building.

Councilman Perkins asked if earlier phases replace any boilers. Mr. Iadarola stated that it did.

Councilman Rotello asked for clarification on the reasons for not going out to bid. Mr. St. Hilaire discussed the low cost financing opportunity, the energy savings lost, the costs associated with the RFP process, the cost of shifting software platforms, and the cost of design work that would have to be done.

Councilwoman Teicholz made a **motion to recommend to the entire council the Honeywell Performance and Capital Improvement Project for the Danbury Public Schools, together with a waiver of bid and determination of Honeywell as the single source provider, with terms, conditions and financing as explained and described, and incorporated into a contract and resolution to be provided to the Council in final form in July.** Councilman Visconti seconded the motion. Mr. St. Hilaire stated that Corporation Counsel will prepare a formal resolution for the Council in July. ***Motion unanimously approved.***

As there was no further business on the agenda, Councilwoman Teicholz made **a motion, which was seconded by Councilman Visconti, to adjourn the meeting at 6:46pm.** ***Motion unanimously approved.***

Respectfully Submitted,

Colleen Stanley, Chairwoman

Mary Teicholz

Fred Visconti