

City of Salem, Massachusetts



**"Know Your Rights Under the Open Meeting Law, M.G.L. c. 30A ss. 18-25 and
City Ordinance Sections 2-2028 through 2-2033."**

The City Council Committee on Ordinances, Licenses and Legal Affairs co-posted with the Committee of the Whole

met in the Council Chamber on Thursday March 7, 2024 at 6:04P.M.

**for the purpose of discussing the matters(s) listed below. Notice of this meeting was posted on
February 28, 2024 at 10:48 A.M.**

(This meeting is being recorded)

ATTENDANCE

ABSENT WERE: Councilor Watson-Felt

Also in attendance from the Committee of the Whole: Councilors Merkl, Varela, Hapworth, Jerzylo, Stott

In attendance from the City Staff: Neal Duffy, Director of Sustainability and Resiliency (remote); Anna Freedman, Finance Director; Mary O'Neal, Energy Manager; Anthony Delaney, Chief Procurement Officer. From the Salem Public Schools: Elizabeth Pauley, Assistant Superintendent of Finance and Operations; Zissis Alepakus, Director of Buildings and Grounds. From Beacon Strategies: Beth Greenblatt (remote).

#84 City Ordinance Ch 2, Sec 2-1688 City Council to Authorize the Mayor to enter into a 20-year agreement with Framingham-based Ameresco, an Energy Services Company

Neal Duffy introduced the 20-year agreement with Ameresco. The City engaged with Ameresco in November 2022, for an energy services management contract, which is a procurement vehicle allowed by the state to do multiple energy conservation measures at many city and school facilities. The city has been in the process of doing an investment grade services audit, which began in Spring 2023. The schools have prioritized projects at the Bates and Witchcraft Heights schools: controls at both schools and replacement of boilers at Bates schools. They will use ESSR and IVAQ grant funds to pay for the projects. The ESSR funds have a deadline of December and IVAQ at the end of the year. Replacement of the boilers before the next heating season also pushes these projects forward quickly. These were identified in the audit along with \$10 million worth of projects at city and school buildings. This is a mini contract to be able to do the work for these two schools on time to utilize the grants as well as EECBG and National Grid grant funds, which means the city will not need to issue any debt. The 20-year contract term is because Ameresco is required to guarantee performance and savings, and demonstrate that the projects are performing to the level they stated they would or they need to compensate the city, as required by the regulatory nature of the procurement contract. They are trying to expedite these projects while the audit is being finalized, and the remaining projects will be potentially scheduled moving forward. They want to get the projects done as quickly as possible while utilizing grant funds to cover the expenses fully.

Councilor Cohen asks for verification that heat pumps could not be utilized for the boilers, and Mr. Duffy agrees that he would rather have had net zero, but the boilers are failing and there is not an electrification alternative that can just be swapped out for the boiler. This will put Bates towards the back of schools targeted for electrification. They are working with National Grid on staged electrification in three schools. Mary O'Neal is working on a plan for electrification of the schools and city buildings. They did not want to make it harder to electrify, but the condition of some of the buildings means we need to move faster

than the technology. Also, some electrification would require a backup boiler, so this is beneficial in that scenario. Councilor Cohen says it is great that Ameresco is responsible for the removal and disposal of hazardous materials. Ameresco is one of the leaders in the State. He asks if the money from the funding is paying fully for the 20-year warranty from Ameresco, and if the company is not performing to the level that the City expects and negotiated for, do we have out clauses in the contract. Neal Duffy explains that the measurement of performance starts at 3K per year and goes up 3% per year. This cost is not included in the total project cost and would need to be budgeted. When it comes to the controls, there is real value, as they will be reporting regularly about the functioning of the equipment. They will be addressing whatever is happening and is a level of support that we do not have. We can withdraw from the contract, and we will not be paying but they will not be reporting either. If in 8 years or so the system is running well and the school system feels that they have a good handle on the systems, we can pull out of the contract.

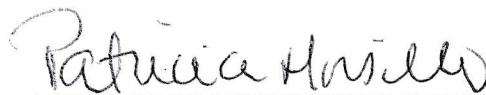
Beth Greenblatt echoes Neal's explanation. The measurement and guarantee is statutorily mandated. The city can opt out at any point, for example, if you see the project running as expected. They will be providing a set of common mechanical systems to run the school buildings, with lots of control systems providing a comfort level of the space through ventilation and will give Z and his staff the ability to monitor systems and in advance detect if something is going on. The annual report will provide a series of c= data to allow Z to know how the buildings are running.

Councilor Harvey asks about the BMS system and if it is for heating and cooling or if it will also control lighting and other energy systems. Neal Duffy states that it is only for heating and cooling. Councilor Harvey asks if it has the ability to expand to other pieces of equipment, but defers to Z. Z says it does have the capabilities to tie in electricity and security along with the HVAC. Councilor Harvey asks if there is an agreement that if the technology changes, they are required to update it. Neal states that they are not required to update the technology and reiterates that we can withdraw from the performance agreement if it is not of value. In the first 3-5 years, he suggests we keep it in place before thinking about upgrades to equipment.

Councilor Cohen states it is important that if we can move to electric in 8 or 10 years, it behooves us to do so in a more environmentally sound manner. He moves to refer this to the Council with a positive recommendation for approval, seconded by Councilor Harvey. The motion carries 4-0.

On the motion of C. Davis the meeting adjourned at 6:25 P.M.

Councilor Morsillo thanks all invited guests for being at the meeting to answer questions.



(Chairperson)