

**UTILITIES COMMISSION MEETING
JANUARY 23, 2012**

Mayor Bailey called the meeting to order at 7:30 p.m. In attendance were Council members Linda Kuiper, Mabel Mumford-Pautz and Mauritz Stetson, W. S. Ingersoll, Town Manager and Zoning Administrator, Jennifer Mulligan, Stenographer, and guests.

Mayor Bailey asked if there were any additions or corrections to the Utilities Commission meeting of December 19, 2011. **Mr. Stetson moved to approve the minutes as presented, was seconded by Mrs. Mumford-Pautz and carried unanimously.**

Mayor Bailey stated that cash on hand and in banks was \$649,050.62.

Mr. Sipes stated that well 8 had some testing done after electrical work was completed. He said that 60 to 70 gallons per minute was running through it. Mr. Sipes stated that this test was run for MDE to see if the oil plume from the hospital was still moving towards the water plant.

Mr. Sipes stated that the work by LaMotte was under construction, with the entire area excavated and the pipe in place. He said that any rain event after next week should be handled by the pipe rather than the wastewater plant.

Mr. Sipes stated that a Vulnerability Assessment and Emergency Response Plan was mandated by the EPA for all water systems. He said that Chestertown Utilities has updated their plan with help from Maryland Rural Water.

Mr. Ingersoll asked if the flow to well 8 was less or more than it was before MDE shut it down. Mr. Sipes stated that there were no production numbers for this particular well. He said that well 8 was not metered, but ran all of the time when part of the water system. Mr. Sipes stated that there was not a separate control system for the chemicals on well 8, which was remote from the other Town wells. Mr. Sipes stated that there would be a separate system if this well was running, noting that it would only have a 12% impact on the system as it would produce approximately 90,000 gallons per day. Mr. Sipes stated that he thought the decision on whether or not to actually use this well would be through MDE.

Mayor Bailey introduced Mr. Rob Busler to give a presentation on the solar financial modeling as requested by the Council. Mr. Ingersoll stated that the analysis compared a PPA (Power Purchase Agreement) versus the Town installing its own solar system.

Mr. Busler stated that he modeled the financial analysis based on the Town installing a 1.2 megawatt system at the John Hanson Wastewater Treatment Plant. He said that he included the \$499,000.00 from a legal settlement in his figures for the system at the wastewater treatment plant.

Mr. Busler outlined the top six (6) electric meters used in Chestertown and the kilowatt hours that Chestertown used (based on current regulations on a maximum of six (6) aggregated meters). He said that there was a total of twenty-seven (27) meters in Town. Ninety-three percent (93%) of usage was based on the six meters and the smaller meters accounted for the rest.

Mr. Ingersoll stated that by law, at this initial stage, only six (6) meters could be regulated. He stated that soon all meters may be allowed to be aggregated.

Mr. Busler stated that the Town uses 1.6-million kilowatt hours per year. He said that would account for a 1.2-megawatt system. He said that the cost was based on a 20-year loan at \$3.50 per watt minus the \$499,000.00 settlement and would cost approximately \$3.7 million dollars. He said that the size of the solar farm would be approximately 6 to 8-acres.

Mr. Busler stated that the first year benefits would be \$36,000.00 but in the twenty-first year (21) there would be a \$435,000.00 savings. He said that by year twenty-five (25) the Town would save \$1.2-million.

Mr. Busler stated that in the 20-year PPA there would be a savings of \$15,000.00 in the first year and by the twentieth year \$600,000.00. However, they would have to renegotiate at that point and purchase the power at fair market value. He said that currently the PPA modeling was based on 5%.

Mr. Busler stated that either way it was a long-term commitment but far more money could be saved by the Town if it was providing its own power. Mr. Ingersoll stated that if the Town could get lower interest loans through agencies like USDA, the benefits would be even more dramatic.

Mr. Ingersoll stated that at this point the Town would be permitted to meter six (6) meters but in a short time they may be allowed to meter all twenty-seven (27) meters. He said that the model was based on what law currently allows.

Mayor Bailey asked what next steps should be taken. Mr. Busler stated that next the Town should source loan options, assess the energy supply schedule based upon the energy supply contract sunset, develop a project schedule, and develop a best value design/build RFP for the project.

Mayor Bailey asked if the Council wanted to move forward with the project. Mr. Ingersoll stated that he wanted to give the Council a good picture. He said that the PPA was not a bad deal and he understood why towns without utilities commissions would use it. He said that Chestertown is a utility and long-term savings will be incredible for the Town. Mr. Ingersoll stated that he thought Chestertown should endow itself for the future, but it was ultimately up to the Mayor and Council.

The Council agreed to move forward to the next steps.

Mr. Ingersoll stated that at the next meeting he would have a draft RFP for design/build.

There being no further business, **Mrs. Mumford-Pautz moved to pay the bills as presented, was seconded by Mr. Stetson and carried unanimously.**

Mrs. Mumford-Pautz moved to adjourn the meeting at 7:58 p.m., was seconded by Ms. Kuiper and carried unanimously.

Submitted by


Jennifer Mulligan
Stenographer

Approved by:

Margo G. Bailey
Mayor