

SULLIVAN COUNTY DELEGATION
Public Hearing on Biomass CHP Unity Complex Project
and Regular Business Meeting
Date/Time: Thursday, February 16, 2012, 6:00 PM

Delegation attendees: Beverly Rodeschin – Chair (District 2), John Cloutier – Clerk (Dist. 4), Joe Osgood – Executive Finance Committee (EFC) Chair (Dist. 4), Charlene Marcotte Lovett – EFC V. Chair (Dist. 2), Spec Bowers – EFC (Dist. 3), Steve Smith (Dist. 5), Steve Cunningham (Dist. 2), Raymond Gagnon (Dist. 4), Benjamin Lefebvre (Dist. 1).

Delegates absent from meeting: *Thomas J. Howard (Dist. 2), Paul LaCasse Sr. (Dist. 4), Andy Schmidt (Dist. 1), and Thomas Laware (Dist. 5).*

County Commissioners present: Bennie Nelson – Chair, Jeffrey Barrette – V. Chair and John M. Callum Jr. – Clerk.

Other County Department Heads / Elected Officials and Staff: Greg Chanis – County Administrator, John Cressy – Facilities & Operations Director, Superintendent Ross L. Cunningham, Ted Purdy – Sullivan County Health Care Administrator, High County Sheriff Michal Prozzo, and Sharon Callum – Administrative Assistant/Minutes Taker.

Public attendees: Tom Wilson – Wilson Engineering Services, Donald Clarke – Claremont citizen, Larry Converse – Claremont citizen, and Lindsey Dixon.

6:05 The Delegation Chair, Beverly Rodeschin, brought the meeting to order and opened the Public Hearing.

Agenda Item No. 1 Public Hearing related to discussion and financing of design and construction of a Biomass Combined Heat and Power District Energy Plant at the County's Unity NH complex – estimated project cost \$3.2 million

The floor was turned over to Tom Wilson, of Wilson Engineering Services, for the presentation. Mr. Wilson, presented a PowerPoint [Appendix A.1-11], and reviewed the following slides:

- Project Overview Sullivan County, NH Unity Complex Biomass District Energy Project, February 16, 2012 – Wood Education and Resource Center*
- Why utilize biomass at Sullivan County's Unity Complex?*
 - Social and Environmental Benefits
 - Economic Benefits
- An aerial picture of the Unity complex, overlaid with notes on where the biomass plan approximate location would be, where potential connections would be located, and where the steam lines would go to the nursing home and jail

- *Process schematic* – Rep. Smith asked what the chemical treatment process was? Mr. Wilson noted it was part of the make-up water, to make it PH neutral. Mr. Cressy noted they do this already with both boilers at the complex.
- *6mmBtu/hr facility in Pennsylvania picture shown* – Mr. Wilson noted this was a unique project, they had 175 acres of their own land and bartered in-kind products in lieu of wood payments
- *Project Provides Positive Cash Flow in 1st year*
- *Robust Local Fuel Supply Infrastructure* – list of vendor in area
- *Emission Comparison* – will be 120 feet above nursing home, have many fields around as buffer, .744 metric tons of carbon reduced per btu's when compared to existing fuel oil burners
- *Similar Biomass Projects at Hospitals* – Rockingham County Complex, North County Hospital, Elk Regional Health Center, Weeks Medical Center – all facilities are satisfied with their savings
- *Sullivan County Seeking Grant funding to enhance Project Benefits:*
 - North Country RC&D Grant \$75,000 grant opportunity,
 - US Forest Services – Forest Products Laboratory \$250,000 grant opportunity - March 1st application deadline,
 - NH Public Utilities Commission – Commercial & Industrial Thermal or Electric Renewal Energy Project Grant 1,000,000 in total funding available - March 1st deadline. Mr. Chanis noted, the latter grant program has been going for a year, he's reviewed the previous awards – funders don't set minimum or maximums, the County will ask for a significant amount
- *Project Benefits Summary*
 - Social and Environment Benefits – reduction of foreign fossil fuel, net reduction of carbon emissions, markets for low-use wood, efficient use of wood resource, and educational and economic development opportunities
 - Economic Benefits – energy dollars stay local and energy savings to County

The Chair opened the meeting to Questions & Answers

Larry Converse asked if the County had plans to raise trees for pulp – he understood it took only 3-4 years to grow pulp trees? Mr. Wilson noted the County was in a unique position - they could bring someone in to harvest; to match the harvesting with the demand is challenging; they could buy chipper/chain saws – cost and liability issues there; County could be as creative as they want.

Rep. Gagnon – Didn't you mention one entity worked out a cooperative arrangement with the wood products person? Mr. Wilson confirmed yes, they contracted with a chip broker who had equipment and who supplied chip products to paper mills; they traded pulp wood for first "X" dollar amount of loads, in exchange for wood; received like product.

Rep. Steve Cunningham noted he had not seen the maintenance cost in the chart. Mr. Wilson confirmed there is an additional maintenance cost of \$27,000; over the whole life cycle, current boilers are used sparingly – this extends their life – another savings; he pointed out, in the capital cost we are moving a good boiler and replacing two at the prison, and providing 100% for prison with the conversion; there are other savings, but not calculated into the budget.

Commissioner Barrette pointed out, Delegation will notice the budget assumptions are extremely conservative; economics of project are far greater than we are seeing – they wanted to be as up front and honest with assumptions as possible and take into consideration any extra cost. Mr. Wilson confirmed there is no extra labor cost added in. Mr. Cressy concurred - the project would not require adding extra staff; he also added that they toured three other operating biomass plants – he was favorably impressed on cleanliness, and once the initial bugs were worked out, the owners indicated they were all very impressed with the operations.

Commission Nelson indicated he wanted to add a comment about the maintenance – it's like a big pellet stove, like switching from oil to wood at home, and ash generated would fit into a 30 gallon can - pretty self-sufficient.

Rep. Rodeschin asked where the ash would go to – siting another ash bi-product project that caused concern. Comm. Nelson noted again it would create only 30 gallons of wood ash over several days, there is no construction wood or high metal products involved; the ash by-product can go onto the inmate garden and neighboring fields – so plans would be 'land spreading'. Rep. Osgood asked if they are indicating it's environmental acceptable to place on the ground? Nelson confirmed "Yes". Rep. Gagnon added, the Chair brings up a key point and it would behoove the County to have something in writing. Rep. Rodeschin noted they need a real good policy in place and need to tell the public where the ashes are going, again citing the project she was previously concerned about. Comm. Nelson again reminded her that particular project contained other contaminates, and the County biomass wood chip project only contains whole trees, no other hazardous material. Mr. Wilson noted, there is no state or federal permit required for disposal of wood ash, and land is the best place to put it. Comm. Nelson pointed out there are places that actually charge for wood ash product. The Chair requested the County create an ash disposal policy.

Don Clarke noted, he did not want anyone thinking he was talking against the project, but discussed, in the '80's, a system installed on their family farm, which when installed, they had not done a price sensitivity analysis, and wished they had; he questioned what happens if fuel oil prices drop by a \$1.00 per gallon, or wood chips go up by 50%, pointing out they are in volatile economic situation; he feels the numbers look good, but is wondering if they had test run it? Mr. Wilson noted they performed a fuel analysis,

he discussed the matrix and encouraged Mr. Clarke to view their formulas more closely; he also pointed out, there are no grant dollars calculated in their formula.

Don Clarke noted there were a lot of wood chip operations going on in the area, and that three miles beyond the facility it's a 'horror show' – the property was denuded, no trees will grow for 100's of years; he noted, the only way to correct this type of practice is to put something in the contract for the providers. Mr. Wilson noted the U.S. Forest Service does not promote projects like that. Mr. Clarke added, the same type of forestry has occurred around the Conn. Lakes; we have a sustainable supply if 'managed correctly'. Mr. Wilson pointed out there are dollars that could come to the project if the County uses sustainability. Rep. Lefebvre questioned if that was as simple as the County doing the homework and finding and contracting with those providers who use sustainability harvesting? Mr. Wilson confirmed the County could put that into the contract, which would send the right message.

Comm. Barrette noted, from day one, he thought the economics of the project conservative, and feels, even if swapping dollars, this makes sense - oil does not come from around here, wood does.

Rep. Osgood asked if it is acceptable to stock pile chips outdoor? Mr. Wilson confirmed "Yes, but chips start to degrade and compost after 30-45 days, the quality of chips goes down and loses it's energy, carbon starts to go away once a tree is felled." Comm. Nelson pointed out the vendors the County uses, for timber harvesting, use the tops and crappy logs for chip wood, they do what the land owner requests. Mr. Wilson confirmed he toured HHP sawmill - not an average mill – he was impressed on how neat and well-kept it was. Comm. Nelson confirmed HHP does well with the harvesting for the County.

Rep. Rodeschin questioned where the County was getting the 1 million? Mr. Chanis pointed out they have opportunities to apply up to 1 million of grant funding with PSNH, but it's not guaranteed; funds are attained through public utility charges.

The Chair requested the EFC recommendation. Rep. Osgood confirmed the EFC met earlier today, looked over the project, and voted, unanimously, to recommend authorizing the project through the Delegation.

The Chair asked for any other comments. There were none.

6:42 Motion: to authorize the Sullivan County Board of Commissioners to issue bonds and notes to in an amount not to exceed Three Million Two Hundred Thousand Dollars (\$3,200,000). The purpose of said bonds or notes shall be for the design and construction of a Combined Heat and Power Biomass Steam Plant at the Sullivan County Complex located in Unity, NH. The authorization granted to the Sullivan County Board of Commissioners with this

motion shall be subject to all applicable provision. Made by: Lovett. Seconded by: Osgood. Discussion: The Chair questioned if grants would reduce the cost shown on the spreadsheet? Mr. Chanis noted it would be taken into consideration and would depend on timing and grant availability, if awarded. Mr. Chanis confirmed they would do a press release. Rep. Gagnon asked, once approved, what the project time frame would consist of. Chanis noted it would take a year, start to finish, and if started today, expect plan operational by March / April 2013. Mr. Wilson, confirmed it would be about 15 months; depends on grants; if RFP issued in April or May 2012, and request is based on current design, they would allow 3-4 weeks for bidders to submit proposals, with bids decided by early summer, and project completed w/in 12 months. Chanis noted, if you read the NH State RSA's for bond authorizations, they are authorizing the Commissioners to borrow in anticipation of the bond – they will hold further conversations on bond vs. notes - it depends on cash flow and other capital projects; if bonded, they would go through NH Bond bank; if using notes, he's held preliminary conversations with a couple local banks, one proposed pooling efforts with other financial institutes in the area – he and the Commissioners will be discussing further over the next few weeks; he pointed out, there are complications with the method of pooling funds when it involves municipalities. Wilson confirmed it should be operational within the 2013 heating season. Chanis confirmed in operation by at least Fiscal Year 2014; if doing a bond through NH Bond Bank, bonds are sold in July, their 1st payment would be due February 2013, FY14; he distributed a sample bond schedule [Appendix B]; he noted there will be a cash flow issue within the 1st year of getting it up and running and would recommend using funds from fund balance to make the payment. Rep. Rodeschin asked how many bonds the County currently held? Chanis noted there was only one for the jail (Community Corrections Center), which was in its second full year; they have other long term debt for vehicle loans. Rep. Rodeschin asked if they would be using local labor. Mr. Chanis noted they envision the proposal to be a design build project, some portions may not be feasible to attain local help within the County, but others they would have the opportunity to encourage use of local help – can request strategy on 'use of local help' in the RFP; they will be advertising locally, also. Mr. Clarke asked if it made sense to bond for 1 million and see how grants come in? Mr. Chanis had not thought of that idea, but, typically, contractors require financing in place; there is also a charge for each bond, \$15,000 on this size, and a charge would occur each time they requested a bond. Mr. Cressy added that grant funders are encouraged by projects already funded.

6:56 The Chair called for a roll call vote - the following (9) Delegates voted YES: Bowers, Cloutier, Cunningham, Gagnon, Lefebvre, Lovett, Osgood, Smith and Rodeschin. There were no NO's. The motion passed in favor.

6:57 Rep. Lefebvre left the room.

Agenda Item No. 4. Any Old or New Business

Old Business: Review of September 14, 2011 Meeting Minutes

It was noted Rep. Laware was not listed on the minutes as attending or absent from the meeting; and he had attended.

6:58 Motion: accept minutes for 9/14/2011, as amended [with Rep. Laware present]. Made by: Osgood. Seconded by: Lovett. Discussion: Rep. Gagnon noted he had arrived at 12:12, and at that time there was a quorum. **Voice vote: All in favor.**

New Business: County Vehicle Purchases

Mr. Chanis distributed a FY2013 Vehicle Worksheet [Appendix C] and noted, through development of the budget process, they found they would need to order, or transfer, a number of vehicles – mostly police cruisers; new vehicles would be part of the budget process; the police cruisers are ordered off the State bid list and must be ordered by April 1st – they typically attain approval from the Board of Commissioners and Delegation prior to ordering; the Commissioners approved at their last meeting and the EFC voted unanimously to recommend, today.

The Chair opened the floor for questions.

Rep. Gagnon questioned if the Sheriff researched the option of purchasing vs. leasing, and which would be the better alternative? Sheriff Prozzo confirmed he did, and had been doing the lease option since 1998, as he found it to be the best way.

7:07 Motion: approve as recommended by EFC per FY2013 Vehicle Worksheet dated 2/16/2012 for 12 county vehicles, total coast \$249,310.02. Made by: Osgood. Seconded by: Lovett. Discussion: there was none. **Roll call vote taken – the following eight (8) Delegates voted YES: Bowers, Cloutier, Cunningham, Gagnon, Lovett, Osgood, Smith, and Rodeschin. There were no NO's. The motion carried in favor.**

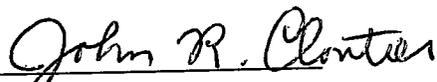
New Business: Establishing the Elected Official Salaries

Mr. Chanis noted, once every two years the Delegation is required to set benefits and salaries of elected officials of the County, prior to the deadline of June 6th; he's not expecting a debate of the issue this evening, but wanted to give the background and distribute a packet [Appendix D.1-5]; the packet included a sheet for Commissioners, Treasurer, Registrar of Deed, Attorney, and High Sheriff, reflecting salaries based on a calendar year, actual salaries from 2000 through 2012; what the percentage increase was from year to year, and a comparison to other counties; he pointed out Health and

Dental is also reflected on the sheets for the full time elected officials: Sheriff, Attorney, and Registrar of Deeds; when the Delegation set salaries two years ago, they did not mention benefits, so when cost of benefits changed, they felt it not appropriate to keep the salary dollars the same, so the percentage they paid for benefits was less; this year, they will request the Delegation indicate their desire for the benefit portion. Rep. Bowers questioned if their discussions in the future should be held in Executive Session? Mr. Chanis noted, as these are public officials, the conversation on salaries and benefits should be in public; he also, noted, they will make recommendations to the EFC, and then a full delegation meeting can be scheduled prior to June.

7:16 Motion made to adjourn the meeting. Made by: Lovett. Seconded by: Osgood. Voice vote: All in favor.

Respectfully submitted,



John Cloutier, Clerk
Sullivan County State Delegation

JC/s.j.c.

Date minutes approved:

June 1, 2012