



TOWN OF NORTON  
SELECT BOARD  
MUNICIPAL CENTER  
70 EAST MAIN STREET  
NORTON, MA 02766

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Select Board  
Minutes of Joint Meeting  
March 21, 2023

I. Call to Order by Chairman

The March 21, 2023 joint meeting of the Norton Select Board, Finance Committee, and School Committee was held at the Norton Public Library, 68 East Main Street, Norton, MA 02766, and was called to order at 7:30 P.M., by Ms. Megan Artz, Chair.

Member(s) present:

**Select Board:** Ms. Megan Artz, Mr. Kevin Snyder, Mr. Steven Hornsby, and Mr. Alec Rich, III. Mr. Toole joined the meeting at 7:33 P.M. Also in attendance: Mr. Michael D. Yunits, Town Manager.

**Finance Committee:** Ms. Bonnie Yezukevich, Ms. Paula Daniels, Ms. Tracy Mahan, Mr. Frank Joe Parker, III, Mr. Stephen Evans, Mr. Cody Thompson, Mr. Zack Tsilis, Mr. Kevin Bugaj, Ms. Sandra Ollerhead, and Mr. Paul J. Schleicher.

**School Committee:** Mr. Daniel Sheedy, Ms. Sheri Cohen, Ms. Carolyn Gallagher, Mr. Deniz Savas, and Mr. Nicholas Schleicher. Also in attendance: Dr. Joseph Baeta, Superintendent of Schools.

**MOTION was made by Mr. Savas to open the School Committee meeting. Seconded by Ms. Cohen. Vote: Unanimous. MOTION CARRIES.**

II. New Business

Joint Meeting with the School Committee and Finance Committee to Discuss the TRANE Project.

Mr. Chris Marshall, TRANE's Northeast Regional Sales Leader for Comprehensive Solutions, which is the type of projects that TRANE is involved with the Town of Norton. Mr. Mark Helinski also introduced himself as the Operations Manager out of the Northeast Region; he advised that he was responsible for the installation of the project.

*Mr. Toole arrived to the meeting at this time.*

Mr. Marshall began his presentation on the Performance Contract that the Town of Norton is currently engaged with TRANE on. He provided the following information:

- Project is to be funded entirely or partially by the energy savings and operational savings that they produce;

- Projects are funded independent of the capital budgets and they're paid for over time entirely or in part by energy savings;
- TRANE's role, when it comes to funding projects, is really one of support; company does not fund or provide financing options, but rather provides counsel from their own experience;
- Journey with Norton began officially in February of 2020 when the Request for Qualifications for Energy Services Providers was issued;
- October of 2020, TRANE was notified that Norton had selected them as their Energy Services Provider;
- Spent the first two months executing the first of two contracts; this contract was referred to as an Investment Grade Audit (IGA); this is a contract for TRANE to essentially go through the Town's facilities, learn about its needs, and put together a wide range of solutions with energy cost savings as well as the cost to implement schedule of all the things you would need in order to make an informed decision of what to include in the Town's project;
- March of 2021 presented Phase 1 of the project to the Capital Improvements Committee;
- April of 2021, prepared contract documents, which was based off of the Commonwealth of Massachusetts' model documents;
- May of 2021, there was town meeting approval;
- Construction began shortly thereafter in June of 2021;
- Took a look at the annual energy spent and at the time it was about \$813,000 and showed the modeled energy spent after the building improvements are implemented (showed a significant reduction of over 50%).

Mr. Helinski provided photos of some of the projects that were done, such as the boilers that were replaced at the Yelle Elementary School. He spoke to the solar panel carports. Mr. Marshall mentioned during Mr. Helinski's overview that the time period between September and June is roughly 9 months for the interconnection study from National Grid to be approved, which he stated was unprecedented and was longer than anything they had ever seen. Mr. Marshall stated that it was a big topic of discussion between TRANE and the School Committee. He noted that if it wasn't for Dr. Baeta calling local legislation, he doesn't know if they would have gotten those interconnection agreements in June.

Dr. Baeta thanked Mr. Marshall bringing this up because there was a 9-month delay on the front end and now a 3-6-month delay on the back end. Dr. Baeta wanted to emphasize this because these delays in the projects cost money because it is time where they are not able to collect on the solar and get the grant money that they should be getting right now. He pointed out that it was Representative Steve Howitt that got the job done; he had contacted Steve Howitt, Jay Barrows, and Senator Paul Feeney and it was Mr. Howitt was on the phone with him minutes later and that is when all of a sudden, things started to happen. Dr. Baeta relayed to everyone that the current excuse of the delay was "they didn't those e-mails" and emphasized that there was no bounce-back of those e-mails. He stated that this was hundreds of thousands of dollars lost to the Town and they wanted almost \$750,000 from the Town to do the connection with National Grid. Dr. Baeta explained after much back and forth between the Town and National Grid, they were finally in contact with someone from National Grid who stated that this should only cost \$60,000. Dr. Baeta emphasized that they should really get a representative from National Grid before the board/committees because that is their electricity provider. Mr. Toole asked Dr. Baeta if they had all of this information documented at this point, which he confirmed. Mr. Hornsby stated that he deals with National Grid quite often and expressed that he understands their frustration and asked if National Grid provided

an explanation for this delay. In response, Dr. Baeta stated that he didn't believe so, but deferred to the representatives from TRANE. Mr. Marshall advised that this phase of the project they just received the application today and National Grid told them that it would take 2-4 weeks for that to be approved.

Mr. Toole referred to this time last year when there was a delay in communication with National Grid and the fact that there was a cost of \$400,000-\$600,000 due when the first year there should have been 0 cost to the Town. Dr. Baeta replied to Mr. Toole that he had spoken with members of the School Committee and they are going to say a savings of utilities around \$200,000 that they will be turning back.

Mr. Marshall summarized some of the benefits of the contract, such as the \$12,000,000 commitment to the Town which was to hold that fixed and firm, which they have. He noted that project would be paid for over time with guaranteed energy savings (projection of \$10.4 million over 20 years). He stated that they would also be applying for renewable energy credits from the solar panels.

Dr. Baeta noted that the Yelle School did not have heat in August and they had to have heat by a certain date in October. He stated that he doesn't know what they would have done if they didn't have TRANE. Both Mr. Sheedy and Dr. Baeta stated that the boiler equipment was so outdated they were struggling to find replacement parts or licensed professionals that could service them. Dr. Baeta also mentioned asbestos work that needed to be addressed and he recognized the Select Board and Mr. Yunits for working to get federal funding to remediate the asbestos. Dr. Baeta also noted the borrowing percentages changed due to the economy and that there are currently no MSBA accelerated private programs (i.e., the Town would have completely done the work itself without any funding from MSBA).

Mr. Toole expressed a concern because initially they were told that there were to be no expenses within the first year, minimal expenses in the second year, and by the third year they should be receiving credits and instead, the first year the Town owed \$500,000, this year they owe \$1,050,000 and asked if they would be seeing any rebates or credits coming to the Town. Mr. Marshall stated that he was not privy to the bond repayment schedule, but what he does know is that the Town is saving energy from the very first day that they install an energy conserving light bulb, but they have not commenced the guarantee yet where he measures it and reports it. He stated that just because he isn't measuring it and recording it doesn't mean that it is not happening. Mr. Marshall further stated that they are essentially complete with everything with the exception of the solar. He mentioned that the National Grid figure just came in, which was originally estimated at \$146,000 or \$147,000 in utility incentives (commonly referred to as "rebates"). Mr. Marshall advised that they commitments from Eversource and National Grid and they are \$100,000 more than TRANE anticipated. Mr. Marshall asked if he answered Mr. Toole's question adequately and Mr. Toole replied "yes and no" explaining that they really don't know what these energy savings are so maybe they do a scaled down audit without the solar, which the contract with TRANE calls for. Mr. Toole referred to the brochure that was handed out for town meeting to "Vote Yes on Article 1" then underlined it says "No Tax Increase." Mr. Toole expressed that they are now at a point where they have to pass a "pink sheet test" with the citizens because now they are challenged with telling these residents that the Town is now on the hook for \$1,000,000. Mr. Sheedy responded that he believed one of the earlier slides of his presentation showed a savings of around \$400,000 and Mr. Toole and Mr. Rich both stated that number isn't guaranteed yet.

Mr. Sheedy looked for clarification and Mr. Marshall answered that Mr. Toole was correct and that figure was just a projection.

Dr. Baeta informed everyone that with what they anticipate for utility savings that the School Department will be turning back around \$200,000. He explained that they have looked at their expenses and what they have saved and are calculating that out to June 30<sup>th</sup> so that they can say here is the money back to hopefully support the big bill once it becomes free cash, which he believed to be due in October. Mr. James Puello, Town Accountant, advised that there is a payment due in October and April. Dr. Baeta further stated that the percentage utilized for borrowing on this project versus and what the actual number ended up being there is a difference (he believed to be double for the percentage). He stated that he believed the percentage originally quoted was 2% and it came in around 4% and Mr. Puello advised that it was 4.5%.

Mr. Hornsby, to add to Mr. Toole's question, asked Mr. Marshall if this was the cap on the rebates that the Town should anticipate or should they expect more once the solar is up and running. Mr. Marshall answered yes, that these rebates are based off of a one-time calculation that their energy engineers did based on the measures that they installed, so this is a one-timer. Mr. Marshall advised that the solar renewable energy credits are the ones that come year after year.

Mr. Tsilis asked Mr. Marshall if they knew what the monthly expenses are not having the solar connection (how much the Town is giving up in energy savings per month). Mr. Marshall stated that they have calculated the annual production values, so they could determine the monthly cost, but he didn't have the number off the top of his head. Mr. Tsilis mentioned that while Dr. Baeta thinks National Grid is bad, he thinks Eversource is even worse from his own experiences.

Mr. Rich stated that upon the date of completion, whenever that may happen, that is when the clock starts ticking (12 months before) that TRANE is contractually obligated to perform the management evaluation to quantify the savings for the aggregate \$406,000 for the first year, which Mr. Marshall stated was correct. Mr. Rich pointed out that the Town has at least a year and a half, not the June date previously mentioned, to see anything substantial as far as rebates/savings. Mr. Rich continued that the timeline provided is an "at best" scenario because it is contingent upon National Grid completing their work in June; so, realistically it is more like June of 2024 before the first measurement evaluation is done. Dr. Baeta, to Mr. Rich's point, clarified that the question being asked is when is the Town going to see that first check and if it will be broken up into checks issued over time. Mr. Marshall explained that this is why they have the integrated system that they do because TRANE is already tapped into the system tracking credits and they haven't issued a check in the 25 years he has been there.

Mr. Thompson asked Mr. Marshall how the renewable energy credits would be coming back to the Town and Mr. Marshall said he would have to check into that, but he would get the Town an answer on that (whether they are issued quarterly or annually). Mr. Thompson replied that he believed the point there is that the audit TRANE is doing on the annual audit for the guaranteed savings is whether or not any penalties are owed by TRANE for over-projections, but TRANE wouldn't necessarily cut a check unless TRANE over-projected on year one. Mr. Thompson further stated that TRANE does the audit at the end of the year and if

they are short, then there is a check. Mr. Thompson expressed that this is a statewide issue with National Grid not completing interconnection projects in a timely manner.

Mr. Yunits asked how the town would be receiving these credits (would they show on the bill or is it a cash payment) and Mr. Marshall replied that he believed it is a cash payment. Dr. Baeta questioned with the \$12 million cost of the project, including the borrowing, what the total would be over 20 years. The Treasurer/Collector, Ms. Paula Linhares, pointed out that the borrowing is between 4%-5% and is projected out to upwards of 23-25 years. Dr. Baeta clarified that to Mr. Tsilis' initial question, if they project out \$350,000 for 25 years to be on the higher end, they can know what that percentage increase is going to need to be every year.

Mr. Schleicher of the Finance Committee pointed out that these solar panels could already be making money for them, but instead they are going to sit there and get a year's worth of readings without the School Department seeing any profit out of it. Dr. Baeta responded that he understands that and they can point the blame at him, but realistically he is dealing with a third party [National Grid]. Mr. Schleicher stated that the best they are going to see is in year one and they are not getting the benefit of it.

Mr. Rich asked if there was any way TRANE could do (outside of National Grid because that is just certifying it with them) if they could still do the measurements and evaluations. Mr. Marshall replied that he thinks TRANE can be flexible, but also acknowledged that they are under contract. Mr. Rich asked what isn't working with the solar right now and Mr. Marshall explained that none of it is and advised that they have the interconnection so what they have to do now is the utility has to approve their application to tie into their system and then they approve that. He mentioned that they send 3 of their 5 schools if the Town needs to transform operations (3VO breakers) in case of a power outage so that needs to happen and then they need to install meters and it happens in sequence. Mr. Hornsby asked if there were any delays in finishing the installation and sending the application in. Mr. Hornsby clarified that he was referring to a comment Mr. Helinski made that the application was just sent in and he thought it was finished awhile ago. Mr. Helinski answered that they had to satisfy the Town with some things that needed to happen on the poles, which he believed to be some numbering. Dr. Baeta mentioned that reflective paint needed to be done to the poles per the Building Commissioner to prevent people from hitting them. Mr. Hornsby asked what kind of delay they experienced and Mr. Helinski replied that it was a couple of weeks.

Mr. Yunits asked Mr. Marshall if the Town is selling 100% of the solar and not using any of it in the schools. Mr. Marshall responded that the Town is sending it "back to the Grid." Mr. Tsilis questioned that it was not net metering, which Mr. Marshall replied that it is not. Mr. Thompson replied that it is just a "PPA" and is just merchant, which Mr. Marshall confirmed was correct. Mr. Yunits advised that based off what they were discussing this evening, the Town was looking at \$1 million payment and now they are looking at \$264,134 in incentives coming in this year and another \$200,000 reduction in utility costs [for the School Department], so that would leave the Town to come up with another \$535,866 for a payment. Dr. Baeta pointed out that the Town just had two months of health insurance holidays, so there will be a significant amount of savings on the free cash in the Fall. He stated that he would throw out for consideration that if the payment isn't due until October, that there is a potential at an earlier town meeting that they could get that payment done without having to zero-out budgets.

Mr. Bugaj referred to the pro forma and pointed out that a lot of the savings comes from maintenance avoidance and capital avoidance and asked if there were any potential turnbacks in either of those areas. Dr. Baeta mentioned that this is in reference to things such as HVAC that they have had as part of their Capital Plan, so those items will come off of their Capital Plan. Dr. Baeta advised that the maintenance is also included in the 20-year contract with TRANE.

Mr. Thompson asked in reference to the Inflation Reduction Act that passed last year, which is still being sorted out, if TRANE was actively seeking out the PTCs that could be available for these systems. Mr. Marshall explained that the company will pursue the 179D tax deduction; so, if the system qualifies as a tax deduction and they are the installer and designer of the system, TRANE will more than likely want to take the reduction, in which case TRANE usually comes back to the Town to ask for permission and they usually split it with the Town.

Mr. Yunits referred back to the conversation about operation and maintenance and asked if the fees outlined are estimates or is that an obligation that the School Department is going to have to pay TRANE \$100,000 a year every year. Mr. Marshall responded that as long as the Town would like to have TRANE, they will be there. He stated that they can cancel this obligation, but that would essentially terminate TRANE's obligation to guarantee the savings and they wouldn't be maintaining the systems anymore. Mr. Hornsby clarified that to answer Mr. Yunits' question that is paid annually, which Mr. Marshall confirmed.

Mr. Toole pointed out that right now without the Town Manager's budget recommendations, the budget that was submitted comes out to \$4.8 million; so, now it is down to \$4.3 million (because the \$1 million payment after turn-backs and incentives the Town has to come up with \$535,866). Mr. Yunits emphasized that they are really going to need the solar credits next [fiscal] year because they will be looking at \$981,000 for a payment. Mr. Tsilis asked if that is what the Town is looking at is about \$1 million a year in payments, which Mr. Puello confirmed and advised that it goes down approximately \$20,000 a year. Mr. Toole went over the expenditures versus what was originally outlined and asked if the year of zero payments was just gone at this point, which Mr. Puello answered he believed so due to the interest because the interest rate alone made a \$200,000 difference. Dr. Baeta pointed out that some debt is also coming off next few years for other projects, which Mr. Puello stated was correct and Ms. Linhares stated that it was approximately \$1 million in maturing. Mr. Puello noted that a lot of the ones that are coming off are so small because they are so old. Mr. Schleicher of the Finance Committee asked Mr. Puello if he missed what the final number would be on the \$12 million and Mr. Puello answered that it would be \$18 million.

Mr. Hornsby stated that in turning it back if Dr. Baeta had considered in the School Department's budget the \$120,000 payment. Dr. Baeta answered that it was not included in the budget, but it is something to be discussed in terms of their savings. Dr. Baeta advised that what they are seeing is the \$300,000 figure (conservatively). Mr. Hornsby clarified that he was just seeing if with the savings the School Department was seeing on piece-mail maintenance if that would be allocated towards this, but he understood that this wouldn't go into effect until the project is completed. Mr. Snyder pointed out that there is also the savings in the cost of the risk they are not incurring. Mr. Hornsby stated again that there is an anticipated savings in maintenance and then the \$120,000 contractual payment to TRANE and asked Dr. Baeta if this would essentially be a wash in their budget. Dr. Baeta replied that it would be a little bit of a wash in the first couple of years.



Mr. Yunits asked if the Performance Fees start one year after substantial completion. Mr. Marshall stated that TRANE would issue a Substantial Completion Certificate and then they would commence services the first of the month following Substantial Completion and probably bill quarterly.

Mr. Puello referred to the comment made by Mr. Marshall stating that the Town would be selling 100% of the solar production and asked again that the Town would not be net metering, which Mr. Marshall answered that they would not be net metering. Mr. Puello asked if they would be selling it at the same price that they are buying it from. Mr. Marshall answered that that would be nice, but the Town is an independent power producer now, so the Town will be selling it at the wholesale market rate. Mr. Tsilis asked again why the Town wouldn't be net metering and questioned if it wouldn't be allowed and Mr. Marshall answered no, it would not.

Mr. Parker referred to the comment made about the delay with National Grid being unprecedented and asked if there was any legal recourse for this delay. Mr. Marshall said there was none at this point that he has seen or heard of.

Mr. Hornsby stated that if there was anything the Select Board could do to let them know and Dr. Baeta thanked him and recognized that Mr. Yunits has done a great job at getting communication across the entire time, but if it comes to it, they will reach out to the State Representatives and "cc" the Select Board on the e-mails. Mr. Snyder suggested when sending e-mails to National Grid to send read receipts. Mr. Toole suggested to Mr. Yunits and Dr. Baeta to write a letter to the State Energy Committee through their legislative teams, which they agreed was a good idea.

## II. Adjournment

**MOTION was made by Mr. Savas to adjourn the School Committee meeting at 9:10 P.M. Seconded by Ms. Cohen. Vote: Unanimous. MOTION CARRIES.**

**MOTION was made by Mr. Schleicher to adjourn the Finance Committee meeting at 9:11 P.M. Seconded by Mr. Parker. Vote: Unanimous. MOTION CARRIES.**

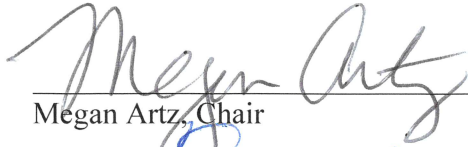
**MOTION was made by Mr. Hornsby to adjourn the Select Board meeting at 9:11 P.M. Seconded by Mr. Toole. Vote: Unanimous. MOTION CARRIES.**

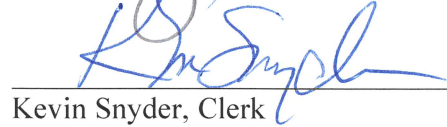
URL Link: <https://www.youtube.com/watch?v=akbf0C2viul>

Respectfully Submitted by:

  
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Jennifer Reid, Office Administrator


**SELECT BOARD  
MINUTES OF JOINT MEETING  
MARCH 21, 2023**

  
Megan Artz, Chair

  
Kevin Snyder, Clerk

  
Michael Toole, Member

  
Steven Hornsby, Member

  
Alec Rich, III, Member

Minutes Approved by Board on: April 27, 2023