

**MINUTES OF THE AUBURN MUNICIPAL POWER AGENCY
MONDAY, DECEMBER 13, 2010
AT 4:00 P.M.**

Members Present: Dennis Zach Chairperson, John Montone, Luke Rybarczyk, Krste Biljanoski, Nancy Hussey, and William Graney

Member Absent: Mayor Michael Quill, Mike Luksa, and Nicholas Brindak

Ex Officio Absent: Vijay Mital

Staff Present: Christina Selvek, William Lupien, Andy Fusco, and Tony DeCaro

Staff Absent: Mark Palesh, Vicky Murphy and Bruce Ross

Chairperson Dennis Zach called the meeting to order on Monday, December 13, 2010 at 4:00 p.m.

Mr. Zach: I would entertain a motion to approve the minutes of the last two meetings. Motion made by Bill Graney and seconded by Luke Rybarczyk. All in favor minutes approved.

First item on the agenda was the update on the Wastewater Plant sludge use and removal. We had a meeting with Greenfield and make a proposal they would like to look into the possibility of taking our sludge and running it through a gasifier. They would be looking to the City for some kind of back up and bonding and stuff so I suppose that is pretty much in your lap Christina as far as the possibility there would be some funding to look at a project like that or no.

Mrs. Selvek: I will see what is out there. Right now the big push at least from the State level is for digesters Federally digesters and landfill gas conversions right now, which we have already completed. Do you want to talk about the process?

Mr. Zach: Yes unfortunately Vicky is not here today but they did do a couple of trips they went to look at a couple of stabilization units which would allow us to stabilize the sludge 100% of it and put it in the

landfill but that makes it pretty inert as far as the gas production as far as the landfill is concerned and I don't know if it hurts the rest of the production at the landfill or not either.

Mrs. Selvek: That material will not produce gas.

Mr. Zach: It just doesn't produce methane. That of course is a fairly expensive project but that is one of the options that the City is probably going to have to look at in lieu of the money we are spending on getting rid of our sludge at this point. The other option is the one Greenfield popped up with their gasifier is a process that has been around it is not fairly new technology but it is also in use in other places for a while but that would also require them to make it economically viable would be to add yard waste and wood chips City wood waste along with it to make enough production that would also produce some syngas that we can put back into our own generators. I don't know how far they have gone with that it was just a meeting basically I think to figure out how interested the City would be but I think I could get back to them and say maybe come in during the January meeting and give us a little more detail and some idea maybe Christina will have some idea if there is any funding to support that sort of a thing because I don't think they were into doing entirely themselves without the City coming up with some kind of bonding for it.

Mrs. Selvek: Maybe just to back a little bit initially the City was thinking of doing an anaerobic digester at the Wastewater Treatment Plant to take care of our sludge and it would produce enough gas to run the third engine. The City decided it is not going to be possible to take in an extra 190 tons of sludge each day in order to run the digester that way to actually operate the third engine. So they wanted to look at a digester that would just work with the 30 – 35 tons that we deal per day at the Wastewater Treatment Plant. We had NYPA do some studies for us unfortunately when NYPA came back with the revised project scope we just can't operate cost effectively that small to produce enough gas. It would produce maybe enough gas for 200 kilowatts and by the time you run the pipe work and do all the construction costs and get everything over to the plant it is just not cost effective. Basically one option would be running in the red and the other one we would be making around \$5,000 a year. So since the digester doesn't look like it is going to be an option and the City is not thrilled about transporting our un-stabilized sludge to Ontario landfill we need some other options. So the two that are before you there is one that is called the

Schwing Bioset and this technology Vicky and City staff went actually to go look at down in Pennsylvania it was up and operating it is a very clean process basically is using lime to stabilize the sludge and then it would be ready and it would be ready for land filling and or this is something that actually produces a class A product would could be land applicable to be used by farmers and other applications. The only issue here is we are really just dealing with our sludge we are not addressing the issue of running a third engine at our energy facility. So we still need to do more research to do on this process but I wanted everyone to get a general sense what the process was about and what the end product could be if we decided to do this. We did get roughly a price quote we would be looking around \$750,000 to make the conversions at the plant for this type of facility.

Mr. Lupien: Would it handle everything that we have?

Mrs. Selvek: Yes we could oversize the load if we wanted to reactivate the contracts with Amsterdam and Guilderland that were coming to the plant.

Mr. Graney: What are we spending now on the landfill?

Mrs. Selvek: Probably half a million a year for trucking. It might be more than that.

Mr. Zach: I thought it was \$750,000.

Mrs. Selvek: I don't think it is that high.

Mr. DeCaro: Between half a million and \$750,000.

Mrs. Selvek: When we had the extra trucks there.

Mr. DeCaro: Yes.

Mrs. Selvek: You have a process that could potentially pay for itself in 2 years the only issue is you still have a product at the end that you have to get rid of so either we work with New England Organic now who is currently doing our trucking and work out an agreement now that we are actually giving them a product that they could see if there is some type of reduced cost that we could deal with or we start working with our

Cooperative Extension Cornell identifying farmers that would be interested in the material and really offer it to them probably for free it would save us on trucking costs if they would be able to come in and pick it up.

Ms. Hussey: Can we landfill this?

Mrs. Selvek: We could landfill it but it would not produce any additional gas for us.

Mr. Montone: So only by product is basically the end result it doesn't produce energy or anything like that.

Mrs. Selvek: Right. It is good for fertilizing.

Mr. Montone: As opposed to this gasifier here.

Mrs. Selvek: Yes looking at the whole

Mr. Montone: Syngas mixing gas when you add it to the methane. Did Greenfield give you an idea how much?

Mrs. Selvek: We do not have a cost estimate from them

Mr. Montone: No I don't mean the cost I mean how much gas will it produce?

Mrs. Selvek: The gasifier would produce enough to run the third engine.

Mr. Montone: Ok megawatt.

Mr. Zach: But they have to have the wood chips and the lawn waste in a volume in order to do that because like you said the sludge itself even the syngas would probably equal about 200 kw and you are still looking for 805 of the product from wood chips and lawn waste to make it happen to get a megawatt of production of electric power. The other option that was on the table the meeting that we did have with Kamyar 6 weeks ago or whatever he did say that he would put in a digester that would be the other possible sludge thing and that would be nice it wouldn't be something that we would have to maintain at all, we could probably get away with

pumping it to him if that would work out as part of the agreement. Those are the 3 options on the table.

Mr. Montone: He will build the digester himself.

Mr. Graney: Could we look into getting an inventory on our wood chips down there and I know we are going to run into a problem with those bagged leaves. We are going to run out of space down there and what are we going to do with them?

Mrs. Selvek: Mike should be able to get me some numbers I will talk with him.

Mr. Graney: We implemented the plastic bag with the leaves but now we have to deal with the plastic bags and the leaves that no body wants because they have plastic in them.

Mrs. Selvek: So the bioset technology one of the things that we all are looking at is can it be used for alternate daily cover at the landfill that would help to cover our costs as well. So this does have some potential it is fairly inexpensive compared to our other potential related projects to start dealing with our sludge but we are transporting un-stabilized sludge we are not going to be able to do that forever we are lucky DEC is letting us do it now. I heard about possible legislation by maybe 2020 New York State was going to start banning bio-solid materials from entering landfills. I don't know when but there is something in the pipeline that they are starting to work on in getting organics and we would be classified as an organic out at the landfill. So I think it would be in our best interest to start looking other technology and not wait for this to come almost as an ultimatum to push us.

Mr. Graney: Some one must have a new product coming out.

Mr. Zach: Was there any kind of a cost analysis on operation? The cost of the lime

Mrs. Selvek: We do have to purchase lime with this so I think it was some where around \$25-\$26/ton for the lime and then we were looking at potential changes in trucking right now we are spending like \$46/ton and we could be down to \$35/ton by implementing this process that is if we still

have to remove it. But we will still have a cost of \$25/ton roughly for the lime.

Mr. Zach: Actual savings

Mrs. Selvek: It is 50% of what we are doing now.

Mr. Zach: We would save about half of the cost of what we are doing now.

Mrs. Selvek: Yes. So that is one option that I think we are going to seriously explore the other one Denny talked about we had a proposal come before the City about installing gasification unit at the landfill gas facility and this take our sludge burn it and then it produces a product called syngas which then can be piped to the landfill gas generation facility and use to run the third engine. As Denny said we would need some other materials though to up the content of the gas in order to meet the requirement of the engine but at which point we start getting a holistic view of running the third engine getting rid of our sludge and producing more electricity for sale. I have never seen a gasifier working and I don't know how clean the technology is.

Mr. Zach: Some of them are pretty good I saw one burning rubber tires

Mrs. Selvek: It did pretty well?

Mr. Zach: Yes but I don't know how cost effective it is. I would think that we get back to Greenfield and see if next month they would like to expound on it a little bit and they must have some idea what a gasifier that size would cost. I think we would be in the same situation I don't know if there a small one would be economical I would think they would have to enough size to take all our sludge and then hopefully all our yard and wood waste and maybe get to the point where we are making enough syngas to make viable. Have you checked to see if there are any special credits for that sort of a process?

Mrs. Selvek: I haven't because right now in the discussions I have had with City staff and the Manager we are leaning towards the bioset

technology but if we can come up with grant money then that is a different story.

Mr. Montone: This process here even though Greenfield has presented a proposal the City would still have to go out to bid.

Mrs. Selvek: Oh yes both of them we would have to do competitive bidding.

Mr. Montone: But again if the City owns it and has Greenfield operate it.

Mrs. Selvek: So at this point we keep everyone in the loop and get some feedback.

Mr. Zach: Hopefully next month Vicky will have more information where we are at with this and do we want to invite Greenfield in to give us an update and they must have some kind of cost productions involved we might as well at least listen to them I would think. Have them make a presentation to the agency here and fill us in on the information see what it looks like but he did pretty much say that he would be basically looking for the City to try to find some grant or bond money or something to help it along. They have drawn this map that you all have they obviously looked at a little bit and they were talking about some plant I think in Pennsylvania that they were looking at copying and that sort of thing.

Mrs. Selvek: I think they have a second proposal for gasification at a plant that they are one of the final bids.

Mr. Montone: I make a motion that we invite Greenfield to the next meeting.

Mr. Zach: Second?

Mr. Graney: I second that.

Mr. Zach: All in favor – carried.

Do you want to get a hold of him (to Christina)?

Mrs. Selvek: Ok.

Mr. Zach: Luke has some information here we got some scary prices but update on the Casey/Falcon Park transmission line feasibility and service.

Mr. Rybarczyk: One of the sheets has the existing NYSEG meters circled that is as it sits with NYSEG. The second sheet that you have is what O'Connell Electric proposed. The proposal went from I think including hookup from NYSEG something like \$70,000 - \$80,000 now we are up to \$240,000 to \$340,000.

Mr. Fusco: Why two bores?

Mr. Rybarczyk: They have a 35KB line going up N. Division Street and you can't go above that so you have to go under the street to get to it.

Mr. Fusco: The NYSEG line is between those two bores on the east side? I understand why we have to have one bore but why two?

Mr. Montone: NYSEG is on that side you just talked about at 12,000 and 34,000 can't cross overhead to go to the east to take it over to the ice skating rink we have a direct shot across the road there. If we were to just use that single bore for that then we would still have to go underground all the way over to that where it says bore under Division Street it is more cost effective to do it through that little parking lot area 190 feet there and then bore across that 60 feet.

Mr. Fusco: Excavate that 190-foot strip?

Mr. Montone: You can't because there is no good spot to put it you would have to go look at it. There is a parking lot, trees, shrubbery, the NYSEG lines are right there everything is right there.

Mr. Zach: I went down and looked at it not super close but I looked at it pretty good to see if there was a possibility to do one boring under the street and hit a manhole and go both ways but running the pole up across the parking lot and coming across because that service is right at the property line at Falcon Park on the south end there. If you look at that pole it is right tight to the thing and NYSEG also owns that wire. They don't

own the wire on the sheet there that 258 feet the City actually owns that wire but on the Falcon Park side NYSEG owns that wire on the underground also and they to my knowledge I don't think would even sell it we would have to run our own conduit.

Mr. Montone: That 190-foot there would be aluminum wire 1/0 opposed if you were to go right across the street from there and do underground copper we are talking 4 or 5 times as much or more.

Mr. Zach: It looks to me like if we went to a single manhole and went both ways it likes the boring would be actually farther than it would be to cross the street for the second bore crossing N. Division Street. It would have to be looked at further but at this point the price is pretty scary.

Mr. Rybarczyk: They did us though that if we did get across to Casey Park apparently we had those poles put up going down Division Street to Casey Park and I guess we are investigating it that we decided it back to NYSEG. O'Connell said that we could use City workers to dig the excavation and also put in conduit.

Mr. Montone: From the last pole.

Mr. Rybarczyk: Yes from the last pole.

Mr. Montone: That is definitely a savings.

Mr. Rybarczyk: But this is worst case scenario and that is putting in all brand new poles the one coming up south of Allen Street they are all new poles but if we were to use the poles in Casey Park they would still have to check those because they said they don't know what type of rot may be in them.

Mr. Fusco: What about the cost of the two transformers that we have at the Baseball Stadium is that cost replicated in that boring workup?

Mr. Montone: Yes they are too big for the size of the load that is there we wouldn't buy as big.

Mr. Rybarczyk: They did tell us if we get new transformers it is 4 to 5 months to get them. Again worst case scenario.

Mr. Graney: Question for Bill, what kind of shape is the road in now?

Mr. Lupien: N. Division?

Mr. Graney: Yes.

Mrs. Selvek: Near Allen Street.

Mr. Lupien: Allen Street is kind of rough.

Mr. Graney: Is there going to be any work where we could trench dig a trench across there

Mr. Lupien: We can always trench it.

Mr. Graney: What is the difference between boring and trenching?

Mr. Montone: The City can trench it when we cut the road open and cut the blacktop trenching you are talking a lot of savings.

Mr. Graney: The road is rough there.

Mr. Montone: If you can dig it as long as you aren't involving a whole bunch of other utilities just going to push a pipe through underneath.

Mr. Zach: Bill will you look into the viability of digging across the street down there in both those places?

Mr. Lupien: Not a problem. There is a cost of repairing the trenches what the bore is going to cost what the open trench is going to cost. Bores usually have to have a receding bed and opening and opening so you have two pits on both sides of the road

Mr. Montone: Basically manholes on each side I know it would be a huge savings.

Mr. Zach: There is one other thing that is not on here too and that 5 pole run into Casey Park that house down there is off of that run that would have to go back to the street.

Mr. Rybarczyk: They have their own transformer.

Mrs. Selvek: I don't want to discredit O'Connell because have been helping us in the other projects but the price seems kind of high.

Mr. Montone: We can bid it

Mrs. Selvek: That is what I was wondering maybe we want to close out our contract with them. I am suggesting that maybe we should close out our existing work and then actually get an engineer to actually do the drawing and make sure we have something that we want and if we do need 2 borings then put it out for competitive bid.

Mr. Lupien: Obviously the 2 borings is just basically once you get over to the east side of the road we will be tearing up sidewalks, roadways and there is a waterline over that side as you guys already looked at 2 borings is probably more logical than 1 boring then try to dig from the first manhole to the second one we are probably going to damage all kinds of stuff in front of Falcon Park whether it is 2 borings or 2 open cuts that is not the problem plus tacking onto the existing contract you already have a consultant on board and for him to do the engineering which is probably 80% to 90% all done. The engineering cost to have this job completed is probably less than 25 cents on a \$1.00. If you go out and start all over from scratch now you have to go and look at another consultant and compare with other consultants and they are going to start from scratch and the consulting fee will be 3 to 4 times more. Adding to the existing contract is usually the cheapest way to go.

Mrs. Selvek: I don't disagree with you I am concerned when an engineering firm tells me it is going to cost between \$75,000 and \$100,000 and then the contractual firm says between \$240,000 and \$340,000.

Mr. Montone: But the engineering firm CEG did say that didn't include the hookup at the far end. You are talking maybe \$70,000 at the most for that pole line if that.

Mrs. Selvek: Right.

Mr. Montone: Three wires and 7 or 8 poles. I could have my guys do that in 2 days.

Mrs. Selvek: So the hookup will cost us \$150,000?

Mr. Montone: The hookup and the underground going across and possibly the size of the transformer.

Mr. Zach: They weren't looking as I remember when I looked at it they were not looking at a total cost of everything involved they were talking about getting the power basically up there.

Mrs. Selvek: I just want to make sure we are getting the best price.

Mr. Zach: It is going to take some further research. For Council to look at it you are going to have to have some kind of payback I mean how much money are they willing to spend and the problem is the price of electricity right now isn't so high that the payback only saving a couple cents or whatever may be a hard sell to Council.

Mr. Lupien: That is what we are saving on the transmission.

Ms. Hussey: Exactly.

Mr. Montone: We all had copies of the load if I remember if you take that and you spread that over the cost of the project and see what it comes out so your payback and the avoided costs payback in 5 or 6 years is that good money on the dollar? I don't know.

Mr. Fusco: Not only do we save transmission cost we save the demand costs. This year we had one home game in September we paid for a full month. This year we had no home games in May but because we had College World Series we paid for a full month. So the payback especially if we can use lesser size transformer than are there I think is going to be substantial and is something that we ought to pursue. I agree with what Bill said but we do have an obligation to the taxpayers.

Mr. Lupien: And that is why if we can do an addendum we can get it done a lot quicker and we save money now maybe the two transformers I don't know was there a transformer price in the original contract?

Mr. Montone: For a unit price we can put the transformers out to bid separately and don't have O'Connell have anything to do with it and have O'Connell put them in place. Basically what we did with the other job I think but you do have unit pricing for each pole for each foot of wire for the size of the wire that is already in that original bid so any extras so this would be basically I guess a Change Order to the original contract but they can't price you over what they have already given you labor costs and whatever it costs for each pole.

Mr. Lupien: You are getting the new work done at last year's prices it is a win-win the only thing you may want to think about farming out the cost of the two transformers buy them separately and whether you want O'Connell to hook them up or not.

Mr. Montone: That is the way I would do it.

Mr. Lupien: Usually we use the rule in engineering anything that has a payback in 7 years or less is definitely a go project and especially government funding because we usually finance it so it is cheaper and actually even 10 years we will look at a project that has 10 years or less payback.

Mr. Montone: Demand is a big issue that Andy was talking about we go down and turn them lights it isn't just for the month the demand stay the same you pay that for the 12 months never can go 75% less.

Ms. Hussey: For instance I remember looking at it one month we paid less than \$2,000 in just pure energy costs but our demand brought it up to \$12,000 a month wherein another month we used more energy \$5,000 or what ever and it was less.

Mr. Lupien: Was the electric bill at Casey Park around \$85,000 a year?

Mr. Zach: That is what I have in my head but I meant to look it up and I was talking with Andy today and I was going to see what it was and I didn't get to it. Do you have it Luke?

Ms. Hussey: I think it was more than that.

Mr. Rybarczyk: Total transportation and supply costs \$86,419.43 without the demand that does not include the demand.

Mr. Zach: Do you have any idea what the demand was?

Mr. Rybarczyk: I didn't write that one out. I have figures but it would tough to add them up right now with the exception of 2 months every one of them has a demand charge.

Mr. Zach: Would you put all in costs together for the next month's meeting?

Mr. Rybarczyk: Yes.

Ms. Hussey: It is going to be cost effective whatever way we look at it.

Mr. Graney: Plus we need to utilize that extra power we have got coming.

Mr. Zach: I think it might be worth getting together with Randy from O'Connell again and take a lot at it and say we will dig across the street but see if we can come up with a little

Mr. Montone: We suggested that to him and he agreed.

Mr. Rybarczyk: He even said over at Casey Park we could trench and put our own conduit in.

Mr. Montone: He is talking overall price.

Mr. Zach: I know I was down there with him and he was looking at the worst scenario to cover everything.

Mr. Rybarczyk: We are looking at the now pricing too keeping in mind energy is going to go up it is not going to go down we are probably at the lowest point we have been in a long time. I realize you have to justify with the payback, etc., etc. But still and all Denny and I were talking before the meeting back in the 70's when we had the big gas prices, Brazil decided they were going to become free and they are like 70% free of foreign oil now because they are doing all the gas with sugar cane, but when the prices went down the United States forgot all about it. It is kind of foolish for us to sit here and say well we are only paying "x" number of cents per kilowatt-hour or whatever why are we even looking at this.

Ms. Hussey: I agree with that have some vision.

Mr. Zach: The transformer cost is pretty static check and see what that goes for you put it out for bid I am guessing what \$20,000 a piece for new ones?

Mr. Montone: Not that much. I can price them out.

Mr. Zach: Not that much get a rough idea what the market is on that. What do you say we get Randy back in Luke and we will walk it over to him and see well he said he can do this and he can do that see if we can come without getting right down to hard tacks get a little better price that might be little approachable to Council and get some idea if we can get the price down to

Mr. Montone: We can tell him we want hard figures these are estimated figures.

Mrs. Selvek: We are going to need an actual scope of work

Mr. Montone: I want to know how many poles I want to know how much footage of wire and the rest the City is going to do.

Mr. Zach: He is not going to give us a hard figure but he knows exactly what he has to do so I will get a hold of Randy and we will set down and go down there with him and show what we can do maybe you and I can get together a little bit ahead of time take a trip down you can find out what the trenching possibilities are if there are other utilities in the way if it is going to be a problem or not you must have a pretty good map on that.

Mr. Montone: If the City can do the digging and the conduit which I know you can all you would have O'Connell do is set the poles, run the wire through the conduit and do the terminations basically that is it. I can see if O'Connell was doing all that excavating I could see \$200,000 but not if the City does it.

Mr. Rybarczyk: And he didn't appear to have any qualms about the City doing the work.

Mr. Montone: They just prefer to go down there and set the poles.

Ms. Hussey: And there is no markup.

Mr. Graney: How about Casey Park School would that make sense to or is it too much of a legal problem?

Mr. Zach: I think you would end up

Mr. Fusco: Well we are already selling to one school with the geo-thermal. I don't necessarily know if it is a legal ramification. It is a regulated product and we are selling, I will look into it.

Mr. Graney: We have to have some vision later down the road the size of this thing maybe we could put them on as a customer down the road.

Mr. Fusco: If you look at the amount of demand for use and what Nancy and Luke gave us a month ago if we were able to power the baseball stadium and the hockey rink it is questionable how much we will have left over. The baseball stadium uses a lot of energy.

Mr. Graney: During the summer and then again schools closed during the summer.

Mr. Rybarczyk: Casey Park the majority of the energy there is in the winter so it is a trade off.

Mr. Zach: Well it is certainly worth looking into. I tried to find out what kind of load they have up there if you are going to run a line

up the street you might as well have it big enough they are probably talking 477 or something anyway.

Mr. Montone: No they are not 5 megawatts 1 wire take up to 5 megawatts Casey Park School I was thinking in the future then you would want to go bigger.

Mr. Graney: Somebody might want to donate a field house down there – there is extra land down there for expansion.

Mr. Zach: Well there should be room there for expansion if you do it. All right let's have a motion to get a hold of O'Connell and have them look at it again we will have a meeting with them.

Mr. Rybarczyk: I make that motion to have a meeting with O'Connell.

Mr. Graney: I second that.

Mr. Zach: We will get a hold of Randy and have him come back in and look it over and hopefully before that time I think we need to look at what trenching we think the City can do the 3 of us get together and go and look at it and see if we can come up with a little tighter and favorable appraisal. At this point we are going to sit on not trying to close out the contract at this point. Ok. Anything else on Casey Park and Falcon Park?

Mr. Montone: Going back to O'Connell though did all the bids come for the transformer? I had someone submit a bid I think it was the highest or lowest did Vicky have that information on that? These people submitted \$5,000 for the old transformer.

Mrs. Selvek: Yes Auction International.

Mr. Montone: Do you know if that was approved or not?

Mr. Zach: I was told by Maria it went for \$6300 a broker did call and wanted to know what the numbers were and I called her and see didn't know she just went by a vin number but I think it went to some outfit in North or South Dakota.

Mr. Montone: That is who bid on it that I had bid on it. TR Electric.

Mr. Zach: They must have got it.

Mr. Montone: They told me \$5,000 but in the bid proposal it had they would have to load it on the truck that is not true.

Mrs. Selvek: I thought O'Connell would load it on.

Mr. Zach: I told Maria that. She should have known that.

Mr. Montone: Just a matter of coordination.

Mr. Zach: She couldn't come up with a name they just had a bid number. Maybe she knows now I didn't ask her today.

Mr. Montone: What we have to do once she knows the name then call O'Connell and coordinate we may have to call NYSEG if we have to kill the line but I don't think we will.

Mr. Zach: While we are on that – that pole structure is there while they are doing that I have heard 2 sides of the story is that included as part of their contract can they knock that down

Mr. Montone: Can't take it down unless NYSEG takes the wire off of it.

Mr. Zach: The wire is off of it.

Mr. Montone: No it isn't. Span is there all the way across to that structure it is still on.

Mr. Zach: I have to go look again I thought I looked the other day and I thought it was down.

Mr. Montone: It would be nice if it was down because it is their job to take it down once we get NYSEG to take it off.

Mr. Zach: Update on the Mill Street Hydro and proposals. Christina has Chant been back in contact with you?

Mrs. Selvek: No.

Mr. Zach: I know Andy pretty much told me today that he thought as far as running poles up to the outlet we don't have an easement that will clear that.

Ms. Hussey: I don't have anything further on that. I am at a loss figuring out what we need to prepare for. Don't know where we are going with any proposal.

Mr. Zach: I emailed Gene from Chant back today, he sent me an email and I think I sent it to everybody and they are ready to start talking even before Christmas but the name of the game we have to solve the problem I think of being able to use to sell the power unless we can come up with a decent price and use or whatever I don't see where any of it is going to fly at this point. I think we have to get back to Chant we can maybe I talked with Andy today before the meeting today to see if we can send them our last written information so they can see actually what the contracts we were looking at with Canadian Turbine and Andy felt as long as we sent it also to the other 2 proposers and ask them if they would want to make any changes in their proposal and see what they come back with but Chant sort of indicated to me in that email they don't want to look at just Mill Street they want to look at the possibility of developing the other sites as well. Not necessary being locked up all in one I think the name of the game is I think we need more information before we can actually do anything to make it feasible.

Mr. Montone: What actually is their proposal?

Ms. Hussey: We had an unsolicited proposal that didn't tell us anything.

Mr. Zach: We are still pretty much in the same area. If Andy can send them that last agreement that we had that went out to Canadian Turbine and say to them ok this is the type of deal we are looking for and lets get back and sit down and see what kind of a proposal they have. Also have to ask Bouchard and C. J. Collins the same thing.

Mrs. Selvek: Can we share that with another company our draft contract that we have Canadian Turbines between that and the City? Is that something we want to share? We paid good money for that.

Mr. Fusco: I don't mind sharing that. I didn't think that the contract that Derek drafted was a reasonable form. Doesn't necessarily mean that it will be the form we will be able to negotiate. I didn't think that Canadian Turbines objection to it being a license as opposed to a lease was valid. I don't mind showing it to any of our three proposers. I wouldn't want to show it to one and not to the other two. I think the way to resolve this not only Chant but the other 2 who would say wait a minute I want to go in there and I want to look and see what I am dealing with and I am going to revise whatever I proposed in the past. Well they looked on November 2nd and 3rd and so everybody has now had a look at what it is they are bidding on everything was opened up and obvious. They all crawled down in the hole. They did their due diligence now I think it behooves us with a cover letter that says this is the form one letter to all three of them with all three of them as addressees so they all know no one is getting something the other two aren't. That we set a reasonable date to come up with whatever your proposal consistent with our prior specifications and we would be prepared for the possibility that none will propose.

Mr. Graney: I hate to throw a wrinkle in here but I had a conversation with John Lemchak from Auburn Armature he says he knows of a company that they do business with they have seen our hydro site and they have had 15 of our same turbines that is down in Mill Street same exact turbines they are probably interested in talking to the City about it.

Mr. Montone: Get it up and running?

Mr. Graney: Yes.

Mr. Fusco: Alternately the solution here as you recall we did have purchase proposals and maybe we ought to sell it.

Mrs. Selvek: Why would we want to sell our asset?

Mr. Biljanoski: Last month N. Division made \$22,000 with 23 days running.

Mr. Fusco: We have a very favorable contract

Mr. Biljanoski: We have 8 cents a kilowatt.

Mr. Fusco: We have an 8 cent contract on N. Division and we had a very unfavorable contract on Mill Street and the likelihood that we would be able to get say 8 cents for Mill Street is so remote. If we could get 8 cents for Mill Street they would be knocking down our door as opposed to us constantly calling them.

Mrs. Selvek: We want to do the project ourselves wouldn't we if we got 8 cents? Just to correct the machinery down there just to get it up and running and at least then we would be meeting our FERC requirement

Mr. Rybarczyk: That is the big thing.

Mrs. Selvek: That is the big thing I am really worried about losing that exemption.

Mr. DeCaro: That is why they stopped in the first place because they were only getting 2 cents it was an avoided cost. That is one of the reasons they stopped generating.

Mrs. Selvek: We are back to our original discussion we have to figure out what we are going to make of it

Mr. Montone: The power would go to the grid the NYISO

Mrs. Selvek: Right.

Mr. Montone: But that is just based on the market as Luke was saying earlier the market is low right now. Lets talk a year from now it might be back at 8 cents and all the information and I deal with it every day anticipate it is going up like 2 ½ to 3% every quarter of the next year just think about that.

Mrs. Selvek: So net metering it is more cost effective than building another transmission line all the way down to the lower pump station.

Ms. Hussey: But I don't know if net metering per say applies to hydro.

Mr. Montone: Deregulation allows us to put generation into the system under small generator and hydro is not a net metering situation it is a interconnect agreement

Ms. Hussey: So we are just using different terms because as far as the statute on this net metering where you can deduct what you get credit for doesn't apply to hydro just wanted to clarify what we were talking about.

Mr. Montone: Basically we would have what is called an RTU there a meter registered with the NYISO and they will pay us for whatever power that is produced

Ms. Hussey: Purchase?

Mr. Montone: Yes purchase.

Mr. Lupien: What is the rate right now?

Mr. Montone: Yesterday I looked it was 3.7 or 3.8 and that is in mid-afternoon late at night or something they could spike up it has gone as high as 9 cents during periods but it doesn't stay there very long.

Mr. Lupien: Back when we were selling the power at Mill Street Dam avoided costs penny and a half to 2 ½ cents a kilowatt hour even now with power as cheap as it has ever been it has to be an average of at least 4 cents and probably throughout the year more like 5 or 6 cents. The economics now is 2 to 3 times better than it was when we stopped generating.

Mr. Montone: Better equipment in low flow situations where you can produce more electricity for longer periods of time.

Mr. Zach: Lets get back to the FERC permit. If we showed that we were putting proposals out again do we have a problem with the FERC permit? Tony can you speak to that at all?

Mr. DeCaro: Like I said before they asked for a schedule we gave them one. They will ask again when they ask for a schedule for development we need to provide one they haven't ask yet for a new schedule they will at some point for a new schedule.

Mr. Rybarczyk: We are no farther ahead than we were before.

Mr. Fusco: We will be until the price of electricity goes up. For us to find a private partner right now is difficult only because the private partner is not going to be able to realize enough money to over come the costs.

Mr. Montone: Is Chant making a proposal to do a public private scenario where they would operate it and run it so they will either find a customer for per kilowatt hour and sell and we take a percentage of that.

Mr. Fusco: Correct.

Ms. Hussey: Did Dave Laney ever get back to us?

Mr. Zach: They would still be interested. Well to move things along here a little bit. I think Andy should go ahead Chant did go to the trouble of spending some time here put the letter back out also to Bouchard and C. J. Collins share the information on what our last agreement was with Canadian Turbine and ask all three of them to look at their proposals. In the interim engineering I asked Mark O. the feasibility of maybe talking to ESCO that we are buying from now to see if we could cook a deal with them if they would consider buying the power we would have to adjust that rate I am sure but it against street lighting and see if we come up for a use for it and look at the feasibility of actually running the power up to the lower pump station but in that case we still have to come up with a Purchase Power Agreement with NYSEG because it is not high flow but at this point I think the only thing we can do is ask Andy to put that proposal back out to all three of them so they can read the information and see if they want to adjust their proposals.

Mr. Rybarczyk: Bill just mentioned someone else that is interested too I would like you to get them the

Mrs. Selvek: If we are going to start adding more people do we have to redo another RFP?

Mr. Rybarczyk: We are not doing a new RFP for Chant.

Mrs. Selvek: I know and I wasn't sure how that was working.

Mr. Montone: You have the right to request and reject any of them you just haven't approved any of them as yet.

Mr. Fusco: I am comfortable with the fact that both Bouchard and C. J. Collins wanted to revise their submissions after doing a personal inspection that we are not giving anyone else advantage that we are not providing to our existing 2 bidders. If someone was to get a hold of me at a late date right now I would have to make that decision based upon what they have to say what they want to do and I would want to be able to maybe start wouldn't be that difficult to start in the middle.

Mr. Graney: He just mentioned it to me.

Mr. Fusco: Everyone seems interested until they get here and then they have qualms and qualms are because of the price of the product.

Ms. Hussey: I thought I heard something about a lot of the Canadian cheap power was headed down this way and glutting our market.

Mr. Montone: That depends on if they get transmission approval they are trying to get the public right of way utilize the Marcy line all the way down into New York City. The Power Authority is pushing that but it could be years away. Hydro in Canada definitely want to bring power in here they may come through Vermont and go down that way. It will affect our rates our rates will go up and the power will go to New York City. Now the generators in this area plus we created more congestion on the transmission lines so the idea is to build a bigger transmission line to reduce the congestion but it worked just the opposite now the generators down towards the city area and all that are going to fight the transmission line because they are producing locally and their cost of the power is going to be sent up here and might cost us more. It is a vicious circle is what it is. The fact of the matter is it is better to have on site generation like we have been trying to do here for years. Our closest generating facility of any scale is in

Oswego and probably 99% of all our power comes from Oswego. Basically some of that power gets put into the grid at point A or point B were are in zone C so we pay a certain amount on this side down towards the City they pay a lot more but if the generator is generating down there and sending up here we are going to pay more.

Mr. Zach: I would like to make a motion that Andy send our last agreement information to all three proposers and the 4th if it looks viable and get a report back at the next meeting which will be the second Monday in January.

Mr. Montone: I second that.

Mr. Zach: All in favor – carried.

Mr. Rybarczyk: Before we leave this subject one thing that Chant in that email to you said that they have an extensive plant safety experience and is willing to help the City correct the serious safety deficiencies noted t the dam sites particularly N. Division Street. What was pointed out there?

Mr. Zach: What they pointed there is when Brian goes down there to work there isn't a safety rail or hookup because what happens is the leaves collect against the trash rack going down into the pen stock and there is nothing there to safe his butt if he were to slip and fall in.

Mr. DeCaro: There is a netting and that behind where the trash rack is but there is not a safety harness or anything in front of him and there is no harness for him to put on and presently he works along.

Mr. Montone: Why wouldn't you be concerned about that?

Mr. DeCaro: I am concerned.

Mr. Montone: I don't mean you personally

Mr. DeCaro: We have been concerned about it for a couple of years.

Mr. Montone: Why wouldn't that be brought up to somebody because if OSHA finds out

Mr. Rybarczyk: Doesn't the City have a safety officer?

Mr. DeCaro: Yes we do, Roman Rotko.

Mr. Montone: It is probably easy to correct.

Mr. DeCaro: It involves bringing somebody else on

Mr. Montone: For something like that you should always have somebody with you anyway.

Mr. DeCaro: In 2004 when they discontinued generating at Mill Street there were 2 ½ to 3 people that did the work that Brian does now.

Mr. Montone: You are talking N. Division right?

Mr. DeCaro: I know we are talking about N. Division but my point is when we were running both projects there were 2 ½ to 3 people that did the job when they discontinued working that those people were still available then but Brian has been doing the job alone. From the standpoint of safety there should not ever be one person on the job.

Mr. Rybarczyk: When they were running with 2 ½ to 3 people I would have thought there would have been some sort of standards written for safety.

Mr. Zach: Another thing brought up down there he make the suggestion that at several of their sites what they do is they actually clean those leaves with compressed air let it bubble out and reopen up the gate to decide it might be something there worth looking and of course they mentioned the fact that Mill Street Dam will absolutely have to have a stop gate. They would do it but that would be the City's cost as far as their proposal is concerned. Anything on Hydro?

Last item is progress with NSEG. I will let Andy speak to that. And the Purchase Power Agreement for 2011 according to John he told me that the concern the first of December that that would be worked on and I haven't heard a final proposal on that.

Mr. Fusco: I spoke to Kevin Brock today and he had still not been contacted by NYSEG. When we met with NYSEG last Wednesday we indicated to them that that was a concern of ours specifically it is not clear under the existing contract whether if a new deal doesn't take place by December 2nd whether the old deal prevails or whether the new deal retroactively takes effect effective December 2nd like a collective bargaining agreement with a Union. Obviously it was the former that helps the utility and if it is the later we are not harmed by the delay.

Mr. Montone: It is January 1st isn't it? December 1st you had to give them in writing yes we are going to go with the new agreement or not. I think the contract expires on December 315.

Mr. Fusco: Then what do we do?

Mr. Montone: Renegotiate.

Mr. Fusco: I know that John has been speaking to John I am not alarmed. It is the middle of the month I will be the first to admit that but I don't think there is an intentional delay here.

Mr. Zach: I talked with him last week and he seemed to think there wasn't any concern about the contract deadline as negotiations

Mr. Fusco: That is exactly how John Rossi felt last week.

Mr. Zach: I entertain a motion to adjourn.

Mr. Rybarczyk: I make a motion to adjourn.

Mr. Montone: I second that.

Mr. Zach: All in favor – carried – adjourned at 5:30 p.m.