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District heat contracts on front burner

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MONTPELIER — It's better late than never.

After months and months of lawyers haggling behind closed doors, the final district energy contracts between the city and the state are ready for the City Council's approval.

City Manager William Fraser has asked the City Council to OK the contracts at this week's Wednesday meeting.

At this point, the nearly \$20 million project is approximately three months behind schedule and one of the key components of the project may have fallen out.

This project was presented to Montpelier voters in June for approval of a \$2.75 million bond to fill some of the project's funding gap. Then, the project was to be completed by the spring of 2013 and Union Elementary School was a piece of the puzzle.

But now, the elementary school will "probably" be plugged into the system and the project isn't expected to be completed until the summer of 2013 rather than the spring.

What's been holding up the schedule has been the contracts between the city and the state. At one point, Fraser had expected them to be completed last fall.

That didn't happen. What also didn't happen is that the biomass boilers didn't get ordered, either. The state put the boilers out to bid in the fall, but then cancelled the bid.

When asked why the state withdrew the bid, Building and General Services Purchasing and Contracting Manager Debbie Damore denied requests for more information by stating that the information was exempt from public disclosure.

Was the bid canceled because the state and the city were failing to agree to the terms of the contract, thus putting the project in jeopardy? Since that information has not been made public, one can only guess.

But one thing is known: It takes 10 to 12 months for the boilers to be built and delivered, if there aren't any snags along the way.

According to BGS Deputy Commissioner Thomas Sandretto, as of Jan. 4, the boilers have not been put out to bid yet.

And even more pressing is that construction on the distribution system is expected to begin this spring. The distribution system design has yet to be finalized, and it can take six months or more between the time the pipes are ordered and they're delivered.

The issue of Union Elementary School tapping into district heat is an important one as well.

City officials were tasked with designing the district energy project in such a way that it would make fiscal sense to do so whether private building owners tap into or not.

To do that, city officials came up with a plan to heat City Hall, the fire and police department buildings, as well as the high school and the elementary school.

When voters approved the \$2.75 million bond in June, they were told that heating these five buildings with district thermal energy would cost the same as heating them with oil.

The cost of heating oil, an operating expense, would be essentially converted to a capital expense in the form of underground pipes running throughout the city to deliver thermal energy. Even with the cost of purchasing thermal energy from the state, it's supposed to be a wash.

Now it appears that plugging in Union Elementary is going to require hundreds of thousands of dollars for upgrades, and school and city officials are backpedaling on whether that building will be plugged in.

Last spring city officials said this about the project: "The new system will provide heat to the high school, the elementary school, City Hall, the fire station, and the police station," according to the June bond voter's guide.

And now, announcing the newly agreed to contracts, Fraser wrote, "This project will connect City Hall, the police station, the fire station, Montpelier High School and, probably, Union Elementary School to a newly rebuilt and expanded state wood fired central heating plant."

How much does that word "probably" change things, particularly if the elementary school isn't part of the equation?

These contracts were released late on Friday, more information will be coming this week as these questions get asked.

Note: Readers who want to check out the contracts can see them at this link:
<http://bit.ly/xyWTC7>
