



GREGORY W. SULLIVAN
INSPECTOR GENERAL

The Commonwealth of Massachusetts
Office of the Inspector General

JOHN W. McCORMACK
STATE OFFICE BUILDING
ONE ASHBURTON PLACE
ROOM 1311
BOSTON, MA 02108
TEL: (617) 727-9140
FAX: (617) 723-2334

April 5, 2011

Patricia Kennedy, Town Manager
Town of Palmer
4417 Main Street
Palmer, MA 01069

Rick Kwiatkowski, Town Administrator
Town of Orange
6 Prospect Street
Orange, MA 01364

Dear Ms. Kennedy and Mr. Kwiatkowski:

I am writing to follow up on our telephone calls of April 1, 2011 in which we discussed how to proceed to obtain a consultant to assist your community with obtaining a lease to a photovoltaic power generating system developer (PV provider). Your municipality is currently a participant in an eight municipality request for proposals (RFP) to obtain such a consultant.

You indicated that you desire to avoid any upfront payment to a consultant. However, by paying directly for the services, even if a power purchase agreement (PPA) was not able to be executed, the consultant receives fair compensation commensurate with the amount of time and resources spent on the municipalities' behalf. Furthermore, this avoids any appearance of a conflict which arises when a consultant is paid by the party with whom it would be negotiating on behalf of a municipality.

If that is not a feasible way to proceed, in order to contain costs and obtain a reasonable price proposal we highly recommend that you include in the solicitation a not-to-exceed fee, a fixed fee, or the estimated budget amount for the consultant's services to be provided. With any of the three models you could specify that the winning PV provider would pay the consultant when the lease is executed. If you choose to have a PV provider pay a consultant over a term, you must specify the length of the term, basis of payment, and identify a net present value formula so that you may compare proposals fairly. As written, the March 28, RFP, would not support that kind of analysis and price proposals would be impossible to compare. We recommend that you include a price

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form in the RFP and require that respondents submit proposals using it. This way you can be assured to receive price proposals in a comparable format.

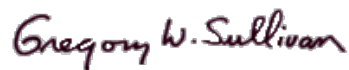
With regard to the amount paid, we would expect that if the consultant does the same work for each city or town (uses the same documents, negotiates similar projects, etc.) a substantial discount would be in order. By way of information on pricing for individual cities and towns, the City of Pittsfield paid less than \$75,000 for consultant services in conjunction with its photovoltaic project. By contacting other entities, including the Town of Greenfield and the Town of Winchendon as well as the Department of Energy Resources (DOER), you might be able to determine a reasonable estimate of the cost of consultant services for the collective administration of an RFP for the lease of land and negotiation of the terms and conditions for each municipality's photovoltaic energy project.

Finally, you might be able to obtain valuable resources to assist you by reviewing documents available in the public domain, including previously issued RFPs and executed contracts and seeking advice from DOER.

No matter how you proceed, your solicitation and proposed contract should be reviewed by legal counsel.

Please feel free to contact Mary Kolesar or myself if you have any additional questions.

Sincerely,

A handwritten signature in dark ink that reads "Gregory W. Sullivan". The signature is written in a cursive, slightly slanted style.

Gregory W. Sullivan
Inspector General