



Town of Reading Meeting Minutes

10/19/19 11:11 AM

Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2019-07-18

Time: 6:30 PM

Building: Reading Municipal Light Building

Location:
General Managers Conference Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

Mr. Dennis Kelley, Chair (Wilmington); Mr. Jason Small, Vice Chair (North Reading); Mr. Neil Cohen (Reading); Mr. George Hooper (Wilmington)

Members - Not Present:

Others Present:

Mr. John Stempeck, Board of Commissioners
Ms. Coleen O'Brien, Mr. Hamid Jaffari, Ms. Wendy Markiewicz, Ms. Kathleen Rybak, Mr. Charles Underhill

Minutes Respectfully Submitted By: Mr. Dennis Kelley, Chair

A handwritten signature in black ink, appearing to read "Dennis Kelley".

Topics of Discussion:

1. Call Meeting to Order – D. Kelley, Chair

Chair Kelley called the meeting of the Citizens' Advisory Board to order at 6:30 PM and noted the meeting was being audio recorded.

2. General Manager's Update – Coleen O'Brien

Ms. O'Brien updated the CAB on steps that staff are taking in anticipation of the forecasted heat wave. RMLD has reached out to each of the towns to identify where any evacuation/cooling areas will be located, and staff will make those locations (circuits) a priority should there be any mandated power reductions or heat-related problems. The liaison phone will be activated for town officials, and staff will be using Twitter to communicate any power issues.

Solar Workshop – Ms. O'Brien provided an overview of the Solar Workshop that was held at RMLD on June 18th. Information has been posted on the RMLD website including, workshop slides, summary notes, information on rebate programs, and links to State programs.

Ribbon Cutting for BESS – Ms. O'Brien reported that there was a great turnout for the ribbon cutting for the BESS (battery energy storage system) in North Reading. RMLD received a citation from Representative David Robertson, State Representative from Tewksbury and Wilmington.

20-Year Agreement Process – Ms. O'Brien reported that staff will be sending a letter out to the Towns at the end of the year asking them to consider the next ten-year

extension of the 20-Year Agreement. Previous extensions will be included with the letter so that each town can see how the votes were made with previous extensions. Ms. O'Brien is hoping to have the extension to the RMLD BOC for signature in May 2020 and completed by June 2020.

3. Financial Report – W. Markiewicz, Director of Business, Finance & Technology
Materials: Financial Statements – May 31, 2019; Handout: Financial Report – May 31, 2019 (dated July 18, 2019)

Ms. Markiewicz began by noting that the audit presentation (for six-month year-end December 31, 2018) was given to the Audit Committee and the Board of Commissioners in May. RMLD received an unqualified opinion, which basically states that there is nothing within the six-month audit that they see that's worth reporting on. There are no changes to the draft report, which were presented to the CAB earlier; the edits were focused on changes in GASB 74 and 75 relating to OPEB and how it relates to the financials.

Ms. Markiewicz went on to review the Financials for calendar year-to-date ending May 31 and noted the 2018 figures represent the same five months (Jan-May 2018). Ms. Markiewicz reminded the CAB that we cannot do a good comparison because last year's first five months is a different timeframe within the budget year - you were trying to finalize projects and get everything in before you close for the end of the year. Because we changed the year-end, spending shifts. Ms. O'Brien added that when doing the comparison, note that kilowatt hour sales change throughout the year; sales are higher in the second half than the first half. That is another reason why it is not a one-for-one comparison.

Ms. Markiewicz reviewed the highlights (page 2) for the reporting period:

- Unrestricted cash of \$18.5m covers about 2.5 months of the average monthly operating expenses of \$7.2m through May 31.
- Accounts receivables are currently 98% current (up to 90 days).
- Net plant increased by about \$800k, as compared to 5/31/18.
- Base revenue increased 4% year-to-year, with a decrease in kilowatt hour sales of less than 1%.
- Purchase power fuel expense exceeds purchase power fuel revenue by \$1.5m, and purchase power capacity and transmission (or PPCT revenue) exceeds purchase power capacity and transmission expenses by about \$150k.
- Overall, operating and maintenance expenses are under budget by 13%.

Ms. Markiewicz then reviewed the graphs (pages 3-6) representing year-to-date through May 31. Slide 3 shows the cash balances. All cash is reserved, except Cash - Operating which is unrestricted at \$18.5m. Page 4 shows the ratio of operating cash in relation to the average monthly operating expenses. Per the auditors' suggestion, the standard (ratio) is three months, however, senior management believes that with anywhere from 2 to 2.5 (months), we'll have what is needed for day-to-day business. Ms. Markiewicz noted it is important to show where we came with cash and where we are going for the sake of our capital spending in preparation for the substation building. Page 5 shows YTD operating and maintenance expenses, which is down 13% from budget due to vacancies (transition and retirees), and we did not have a lot of storms in the winter. Page 6 shows capital spending versus the money that we are taking in for capital. Depreciation is the only portion of the capital funds that is actually reserved for capital spending. The beginning balance is the amount that is strategically planned to start the of year for our capital spending so that we can meet all the needs for upcoming spending whether it be in that year or the next couple of years. Typically, we are spending much more than our reserve for depreciation for our capital improvements. Ms. O'Brien noted the "beginning balance" (a carry-over from the previous year) could be made up of some of the depreciation fund that's mandated, plus operating transfer from the previous year. The depreciation rolling fund should not

go less than the minimum fix for certain capital issues because you are paying out throughout the year and it cannot be negative.

Ms. Markiewicz commented that in FY18 and FY19 the transfers from operating into the capital fund are in preparation for building the substation. It is not clear if bonding will be necessary. Ms. Markiewicz noted, with the exception of FY15, RMLD has spent more than the depreciation reserve. Ms. Markiewicz concluded her presentation.

Mr. Stempeck asked how much (overall total) the substation will cost. Mr. Jaffari respond \$9m.

4. CAB Officer Appointments – D. Kelley, Chair

Chair Kelley noted Mr. Small's current term as Vice Chair is expiring and asked if there were any nominations for Vice Chair. Mr. Hooper nominated Mr. Small. Mr. Small accepted the nomination. There were no other nominations. The nomination was seconded by Mr. Cohen. Hearing no further discussion, Mr. Small was appointed Vice Chair by a vote of 4:0:0 (4 in favor, 0 opposed, 0 absent).

Chair Kelley asked for nominations for the Secretary position vacated by Mr. Soni. Chair Kelley nominated Mr. Hooper. Mr. Hooper accepted the nomination. There were no other nominations. The nomination was seconded by Mr. Cohen. Hearing no further discussion, Mr. Hooper was appointed Secretary by a vote of 4:0:0 (4 in favor, 0 opposed, 0 absent).

5. Scheduling: CAB Meetings and Coverage for Commissioners Meeting – D. Kelley, Chair.

The next meeting of the CAB will be scheduled for September 19th, to coincide with the BOC meeting. Mr. Kelley will cover the September BOC meeting.

6. Adjournment – D. Kelley, Chair

Chair Kelley asked if there were any additional comments prior to Adjournment.

Mr. Cohen announced that he has decided to step off the CAB and will be submitting his formal resignation to the Reading Town Manager. Chair Kelley thanked Mr. Cohen for his service.

Mr. Hooper made a motion to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Small. Motion carried 4:0:0 (4 in favor, 0 opposed, 0 absent).

The CAB meeting adjourned at 7:04 PM.

As approved on October 23, 2019