



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2019-10-17

Time: 07:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

David Talbot, Chair; John Stempeck, Vice Chair; David Hennessy, Commissioner; Thomas O'Rourke, Commissioner; Philip B. Pacino, Commissioner

Members - Not Present:

Others Present:

RMLD Staff: Coleen O'Brien, General Manager; Hamid Jaffari, Director of Engineering and Operations; Charles Underhill, Director of Integrated Resources; Wendy Markiewicz, Director of Business, Finance and Utility Technology; John McDonagh, Assistant Director of Engineering and Operations; Tracy Schultz, Executive Assistant

George Hooper, Citizens' Advisory Board

Karen Herrick, Financial Committee Liaison

Scott James, Eagle Rivet Roof Services

Minutes Respectfully Submitted By: David Hennessy, Secretary Pro Tem

Topics of Discussion:

Call Meeting to Order

Chair Talbot called the meeting to order and read RMLD's Code of Conduct. Chair Talbot announced that the meeting is being videotaped at the RMLD office at 230 Ash Street, for distribution to the community television stations in North Reading, Lynnfield, and Wilmington. Chair Talbot asked Mr. Hennessy to serve as Board Secretary. Chair Talbot announced that there will be a meeting the following Wednesday at the Reading Library regarding redevelopment of the area surrounding the RMLD building. Mr. Hooper announced that the Citizens' Advisory Board (CAB) would be reviewing RMLD's budget the following week. Mr. O'Rourke praised RMLD's storm response. Ms. O'Brien introduced Mr. McDonagh to the Board.

Public Comment

There was no public comment.

General Manager's Report

a. Payment to the Town of Reading report and meeting schedule

Ms. O'Brien explained Energy New England (ENE) will be making a presentation in December. Draft budget financials have been sent over to ENE. Ms. O'Brien explained that New England

General Manager's Report

a. Payment to the Town of Reading report and meeting schedule

electric utilities are particularly vulnerable to declining sales due to the cost of energy in the region. Mr. Hooper mentioned energy efficiency upgrades the Town of Wilmington has recently undertaken.

b. Calendar Year 2020 Budget schedule

Ms. O'Brien stated the budget will be presented to the Board in November.

c. Wilmington Substation update

Ms. O'Brien explained that an assessment was done in 2013 and it was determined that the Wilmington substation was nearing the end of its useful life. The existing site is not large enough for a new substation so RMLD began looking for land in the Ballardvale area. RMLD has been negotiating over a parcel of land with National Grid. However, right before the signing of a Purchase and Sales agreement, a title search revealed that the Town of Wilmington is the landowner. Ms. O'Brien stated that she and Mr. Jaffari met with the Wilmington Select Board on Monday night and RMLD is looking to use three acres of the land. One-and-a-half is needed for the substation but three would enable RMLD to build a microgrid or battery storage in the future. The entire lot of land is Article 97 and its use is restricted by the Wetlands Protection Act. Ms. O'Brien stated that she would be reaching out to Senator Tarr with a letter asking for assistance in securing a public hardship exemption for Article 97, as discussed in the meeting. Mr. Jaffari added that it will take three years to complete construction and time is of the essence. Mr. Jaffari explained that if the current substation goes down it would be impossible to use a temporary mobile substation; they're configured differently.

d. Upcoming Financial Committee meeting

Ms. O'Brien stated that she was asked to a part of the Financial Committee forum on November 6 and will be presenting information about RMLD programs and answering questions from the Town. Ms. Herrick stated that the Financial Committee is in the process of gathering questions to submit to Ms. O'Brien before the meeting. Ms. Herrick also remarked that RMLD minutes are not up to date on the RMLD website.

e. Ms. O'Brien's evaluation

Ms. O'Brien stated she would be sending her self-assessment and annual accomplishments to the Board.

Mr. Pacino asked about the status of the Twenty-Year Agreement. Ms. O'Brien explained that letters will be sent to each Town Manager/Administrator, 180 days prior to July 2020.

Integrated Resources Division

a. Power Supply Report – August 2019

Mr. Underhill commended the Customer Service Department for staying late to answer storm-related phone calls. Mr. Underhill stated that actuals are tracking with the budget. The market is stable. Mr. Underhill announced that RMLD just signed a contract for purchases under the TFA that will result in an estimated \$1.2 to 1.3 million reduction in purchase power; that will be passed through to the customer. Energy costs are 75 percent of the budget and are tracking closely; gas prices are currently stable. The capacity rate is set the previous summer so there is no volatility. Transmission costs are weather dependent but are a smaller component. In August RMLD's load was high enough that it purchased from the market. kWh in May and June were below budgeted; July and August made up for some of that. RMLD is tracking a percent or two below what was budgeted.

Mr. Underhill stated that of the \$250,000 DOER incentive for solar development, to date, \$30,000 has been committed to projects. Several applications are pending, totaling around \$20,000. This leaves about \$200,000 uncommitted. Chair Talbot stated asked if these funds are use or lose. Mr. Underhill stated that at the end of a year, whatever is not expended will revert to the state. Ms. O'Brien stated that RMLD will still have an incentive program, but it is not as generous as the state program. Chair Talbot stated there is also a 30 percent tax credit. Ms. Herrick shared that she has to cut trees down before the panels can be installed and for 7.5 watts the cost for solar is about \$12,000. This is a significant investment and due to RMLD's low rates and net metering policy she will not recoup the cost for 20 years. Mr. Underhill explained that regarding net

Integrated Resources Division

a. Power Supply Report – August 2019

metering: over the course of the year, customers only use 35 to 40 percent of what a solar system produces. In order to use more, customers either need a storage device or they need a transactional mechanism that pushes the power out on the grid for others to use. RMLD needs to recover a facility charge to be able to do that. RMLD has been looking at alternative pricing strategies and other approaches to overcome the significant initial cost and spread it out over time. Chair Talbot asked what RMLD is paying per kWh for what is going back to the grid. Mr. Underhill replied about 4.5 cents. Ms. O'Brien explained that RMLD reimburses for the energy that customers are producing but still must collect for distribution.

Financial Report

a. August 2019

Ms. Markiewicz reported that as of August 31, RMLD is under one percent on base revenue and is 15 percent under on operating and maintenance expenses compared to budget. kWh sales are down 2.3 percent as compared to the first eight months of 2018.

b. RMLD Trust Document

Ms. Markiewicz stated that there were a lot of questions regarding the OPEB Trust at the last meeting. Ms. Markiewicz stated the first question was: what are the total OPEB investments that the treasurer will be investing for both the Town and RMLD? RMLD started investing in FY2011 and the Town started investing in FY2012. Through September 2019, RMLD has invested \$3.6 million and the Town has invested \$5.2 million. The OPEB contributions vary each year and are based on actuarial reports. The second question was whether there are any benefits to combining the investments, such as reduced fees? Ms. Markiewicz stated that she spoke with Ms. Angstrom and Mr. Kume from the Town. There is no reduced fee. Ms. Markiewicz stated that RMLD currently invests in CDs, money markets, and that RMLD has a cash portfolio at the Massachusetts Municipal Depository Trust. RMLD is currently only gaining 2.5 percent on its investments. With the Pension Reserves Investment Trust (PRIT) and the State Retiree Benefit Trust (SRBT) RMLD could be getting more. Since inception on January 31, 1985 through December 31, 2017, those have an annualized return of 9.6 percent. The Town is waiting on RMLD to invest in PRIT. It takes about 90 to 120 days to go through the whole enrollment process. The steps are to reaccept, adopt the OPEB funding plan, approve and sign the Declaration of Trust, sign the investment agreement and submit to counsel and the SRBT so that they can present it to their Board, and then the balances are transferred. Mr. O'Rourke asked about risk. Ms. Markiewicz explained that RMLD is meeting its obligations but is trying to become fully funded.

Engineering and Operations Report

Mr. Jaffari reviewed major construction projects, including replacing getaway cables at Station 4, phase one of the Marion Street extension, grid modernization, and area upgrades on Deborah Drive and Gerry Road. The maintenance programs, including the aged transformer replacement program were reviewed. There are 84 pending pole transfers in Lynnfield, 34 pending pole transfers and nine pull poles in Reading, one transfer and four pending pull poles in North Reading, and ten transfers and two pull poles in Wilmington. RMLD is doing well in reliability and is below national and regional averages. Outage causes were reviewed, including weather. There were sixteen outages in September, caused by animals, equipment failure, trees, and motor vehicle accidents.

Mr. Pacino stated that Vice Chair Stempeck had asked about the amount that Pension Reserves Investment Management Board (PRIM) handles. Mr. Pacino stated that according to his phone research, the amount is \$72.8 billion.

Procurement Requests Requiring Board Approval

IFB 2019-21 Deck and Patio Renovation

Mr. Jaffari explained that the existing deck failed to meet OSHA standards. The existing deck will be demolished, and a concrete deck will be installed. Ms. O'Brien added that the current deck was deemed condemned. The handicap ramp is the incorrect slope and width. There will be a concrete pad, an egress, and a set of stairs. It will be a flat patio. There will be jersey barriers.

Procurement Requests Requiring Board Approval

IFB 2019-21 Deck and Patio Renovation

Chair Talbot expressed his concerns regarding the permanence of the RMLD site. Ms. O'Brien stated that RMLD is being prudent and cannot operate with a condemned deck. Ms. O'Brien stated the most expensive bids came in at \$275,000. Mr. Hooper stated that construction is at a premium and that he is familiar with bidder.

Mr. Pacino made a motion, seconded by Mr. Hennessy, that IFB 2019-21 for Deck and Patio Renovation be awarded to: **Kneeland Construction Corp. for \$171,000.00**, pursuant to M.G.L., Chapter 149/Chapter 30 Section 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

Motion Carried: 5:0:0

IFB 2019-22 Remedial Coating System for Application Over an Existing Aged EPDM Roof Membrane

Mr. Jaffari explained that the roof is leaking and that there are barrels throughout the building collecting rain. The roof either needs to be replaced, at a cost of over \$500,000, or a sealant can be used. This material has a 20-year warranty for labor and the materials. Vice Chair Stempeck asked about the application process of the coating material. Mr. Jaffari explained that the contractors are certified by the factory. Chair Talbot asked what the material is comprised of. Mr. Hooper expressed concern about the inability of the sealant to prevent leaks. Mr. James explained that he put the bid together. There was an infrared analysis done and there are provisions in the bid to change out wet insulation down to the metal decking. The material is silicone. Vice Chair Stempeck asked for references from other customers who have used the product and process. Mr. James stated that it is becoming more popular due to the cost analysis. The technology has come tremendously far and has been used by many public buildings, such as school systems. Mr. James explained recommendations were provided in the bid package.

Mr. Pacino made a motion, seconded by Mr. O'Rourke, that IFB 2019-22 for Remedial Coating System for Application Over an Existing Aged EPDM Roof Membrane be awarded to: **Eagle Rivet Roof Services Corp. for \$272,845.00**, pursuant to M.G.L., Chapter 149/Chapter 30 Section 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

Mr. Jaffari provided an update on the storm that started the previous evening. Initially, 1,500 customers were affected, mostly in Lynnfield and Reading. Most have been restored. Five two-man RMLD crews and three Powerline contractors were dispatched. There were blown fuses and tree limbs on primaries. Mr. Jaffari presented photos of the storm damage.

General Discussion

Meeting dates were discussed.

Adjournment

At 9:35 p.m., Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Board go into Executive Session to consider the purchase of real property, to discuss confidential, competitively-sensitive and proprietary information in relation to making, selling, or distributing electric power and energy, and to discuss strategy with respect to collective bargaining and return to Regular Session for the sole purpose of adjournment.

At 9:53 p.m. the Commission returned to regular session for the sole purpose of adjournment. Upon taking no further action, a motion was made by Mr. Pacino and seconded by Mr. Stempeck that the Commission adjourn the regular session.

Motion Carried 5:0:0.

A true copy of the RMLD Board of Commissioners minutes
as approved by a majority of the Commission.

A handwritten signature in black ink, appearing to read 'David Hennessy', with a long horizontal flourish extending to the right.

David Hennessy, Secretary Pro Tem
RMLD Board of Commissioners