



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2019-11-21

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; Janet Walsh, Director of Human Resources; Zachary Borton, Senior Power Supply Analyst; Tracy Schultz, Executive Assistant

Jason Small, Citizens' Advisory Board

Karen Herrick, Financial Committee Liaison

Minutes Respectfully Submitted By: Philip B. Pacino, 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. O'Rourke to serve as Board Secretary.* Chair Talbot welcomed new RMLD employee Ms. Walsh to the meeting.

Public Comment

There was no public comment.

General Manager's Report

Update on Town Payment study and Dec. 2 presentation

Ms. O'Brien stated that the Board will meet on December 2 and will have Energy New England present the results of the study on the payment to the Town of Reading. The May 2018 authored previously by Ms. O'Brien had been previously posted on RMLD website on the Board of Commissioners webpage. The Energy New England study will be posted on the RMLD website and will be marked "Draft."

Approval of Board Minutes

Chair Talbot asked that Ms. Schultz add additional detail to the June 20th minutes regarding a portion of the solar presentation.

Mr. Pacino made a motion, seconded by Mr. Hennessy that the Board approve the meeting minutes of May 7, 2019, May 23, 2019, and June 20, 2019 as corrected, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

Mr. Pacino emphasized that the purpose of the minutes is to summarize, not to quote. The minutes are not supposed to be a transcript.

CY 2020 Capital Budget

Mr. Jaffari began by discussing variances between the actual CY2019 budget and the estimated CY2019 budget, including building upgrades for the deck and the failure of the backup generator. Three padmount switchgears and transformers carried over from FY2018 due to delays in manufacturing and delivery. Routine construction was higher than anticipated due to pole hits. Insurance companies will reimburse RMLD, but the funds go into "Other Income." Overhead and underground maintenance was more expensive due to unexpected failures. Getaway improvements cost more because asbestos was found in the manholes during construction. Mr. Jaffari then discussed the big-ticket items on the CY2020 budget. This included a security upgrade for \$300,000 for high definition cameras, facial recognition software, and finger scanning capabilities. Rolling stock replacement includes \$75,000 for a forklift, \$25,000 for a new pole trailer, \$75,000 for a hybrid SUV, \$275,000 heavy-duty vehicle with trade-in, and \$200,000 for an underground utility truck. The budget includes \$70,000 for four public electric vehicle chargers and \$129,000 for seven chargers at Analog. Mr. Jaffari then discussed software and licensing, which includes the cost of transferring servers to the Cloud. \$570,000 is being allocated to purchase land in Wilmington for a new substation. Software is needed to integrate two metering systems and will cost \$150,000. \$2.78 million is needed for the AMI mesh network expansion. \$173,000 is allocated for meters for new construction, \$602,000 for transformers (maintenance and new construction) and \$165,000 for underground maintenance at Deborah Drive. 54 padmount and 96 overhead transformers are scheduled to be replaced as part of the maintenance program. Mr. Jaffari then reviewed the cost of unexpected maintenance. Chair Talbot mentioned the RMLD Ash Street site, and whether moving the headquarters would be feasible. Mr. Pacino stated that the Town has no current plan: everything is a concept. Mr. O'Rourke asked if RMLD owns the property. Ms. Markiewicz replied that it appears RMLD owns the building, but the land ownership is unclear but can be further researched. Mr. Pacino stated that the Board would have to vote to release the property before the Town could do anything.

Vice Chair Stempeck made a motion, seconded by Mr. Hennessy, that the RMLD Board of Commissioners approve the Calendar Year 2020 Capital Budget in the amount of \$11,513,482 as presented, on the recommendation of the General Manager.

Mr. Pacino noted that on October 23, 2019 the CAB voted to recommend the budget 3:0:1 (3 in favor, 0 opposed, 1 absent).

Motion Carried: 5:0:0.

CY 2020 Operating Budget

Ms. Markiewicz discussed the actual and projected fixed and semi-variable costs. Fixed costs are contracts that are already locked in, such as purchase power (70.31 percent of the total fixed cost), depreciation expense (\$4.7 million and 5.15 percent of the budget), the voluntary payment to the Town of Reading (\$2.4 million and 2.7 percent of the budget), the Town payments (\$1.6 million and 1.76 percent of the budget), and loss on disposal of assets (\$100,000). Ms. Markiewicz then discussed the semi-variable costs, including total labor (\$8.7 million and 8.2 percent of the budget with a capital portion of almost \$2 million), overtime (\$1 million with a capital portion of \$176,000 and less than one percent of the budget), employee benefits and pension (\$4.4 million and 3.99 percent of the budget), other operating and maintenance expenses (\$1.6 million and 1.8 percent of the total budget), conservation expenses (\$958,000

CY 2020 Operating Budget

and about one percent), tree trimming costs (\$899,000 and less than one percent), outside contract services (\$361,000 and 0.39 percent), legal expenses (\$498,000 and half a percent), property insurance (\$437,000), software and hardware maintenance (\$394,000), transformers and hazardous material (\$210,000), training and tuition (\$266,000), vehicle expenses (\$333,000 with \$225,000 of that going to capital projects), rent expense (\$212,000), bad debt (\$105,000 is reserved), injuries and damages insurance (\$70,000), RMLB and CAB (\$30,000) and office supplies (\$20,000). Overall the budget decreased 1.8 percent mainly due to the \$2.2 million decrease in power supply. RMLD is not asking for a rate increase. Chair Talbot asked for an explanation regarding the power supply savings. Mr. Underhill stated that power supply portfolio contracts are being replaced as they expire. The price has dropped, and the market is stable, and cost is low. A significant portion of the portfolio (70 percent) will be expiring within three years. RMLD will have flexibility and opportunities to expand the non-carbon component of its portfolio. RMLD is waiting for direction from the legislature for targets, responsibilities, and obligations. Ms. O'Brien stated she will have Mr. Underhill give a presentation at a future meeting regarding the Clean Energy Standards Act. Mr. Underhill stated that power costs are a pass through. Ms. O'Brien stated while there is no rate increase there will be rate adjustments as residential rates are phased in over three years. The allocation of responsibility for costs for different rate classes is being adjusted. The 2017 Cost of Service Study determined that there needed to be a realignment of costs. An updated study will be done in 2020.

Mr. Stempeck made a motion, seconded by Mr. Hennessy, that the RMLD Board of Commissioners approve the Calendar Year 2020 Operating Budget with a Net Income of \$4,479,987 as presented, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

Mr. Pacino noted that on October 23, 2019 the CAB voted to recommend 3:0:1 (3 in favor, 0 opposed, 1 absent).

General Manager Committee

Chair Talbot stated that the General Manager Committee met and made its recommendation on the 7th of November regarding Ms. O'Brien's performance from July of 2018 to the end of June 2019.

a. Updated GM Performance Review Process

Mr. Hennessey explained that Ms. O'Brien's review has been performed annually and involves a quantitative approach with a 100-point scale. Present trends in Human Resources have shifted to a more qualitative approach with more frequent feedback. Mr. Hennessy recommended moving away from the number system and having quarterly feedback sessions. Performance goals on the current evaluation form will be retained as part of the process. The Board would have qualitative performance discussions with the GM in Executive Session in April, July, October, and January of each year. The January performance discussion would be for the fourth quarter as well as a roll up summary of the previous year. Key annual priorities will be put forth by the Commissioners after consultation with the GM each December. Under the new procedures the annual compensation discussion will be delinked with performance guidance conversations. The annual compensation discussion and decision would be based on four factors: (1) comparison to statewide GM salary benchmarks, (2) the financial health of the RMLD, (3) the results of the GM performance evaluation process, and (4) other economic factors determined by the Commission. Mr. Pacino asked that the sheet Mr. Hennessy distributed to the Board be included as a part of the minutes. Mr. O'Rourke added that the goal is to move away from a once-a-year meeting where the employee is told what the employee did or did not do and to be forward thinking and focus on capabilities, results, and development. Mr. Stempeck agreed with changing the process going forward but stated the need to be cognizant of General Manager's contract. Ms. O'Brien stated she still has a review for the end of the year covering the six-month period from July to January. Mr. Hennessy stated the new system would start in January 2020. Chair Talbot asked for feedback and an action item for the late December meeting. Mr. Stempeck reiterated that the old evaluation process will be used through the period ending December 31, 2019.

b. Preliminary Discussion of CY 2020 goals

Chair Talbot asked the Commissioners to assemble a list of three or four priorities for the year starting January 1, 2020.

c. Committee's Nov. 7 Recommendation: Review of General Manager for the period July 1, 2018 to June 30, 2019

Mr. Stempeck made a motion, seconded by Mr. Hennessy, that the Board approve the General Manager Review Sub-Committee's recommendation that effective July 1, 2019, the General Manager, Ms. O'Brien, receive a salary increase of four percent, in addition to a \$4,000 bonus, paid out as Ms. O'Brien chooses as ICMA, cash, or a combination of the two.

Motion Carried: 5:0:0.

d. Committee's Recommendation to Disband Committee

Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Commission accept the recommendation of the General Manager's Review Sub-Committee to disband that committee from this day forward.

Motion Carried: 5:0:0.

Procurement Requests Requiring Board Approval

IFP 2019-24 Three Phase Pad Mounted Transformers

Mr. Jaffari explained this equipment is for the transformer replacement program. Invitations for proposals were sent to 12 vendors and only one responded correctly.

Mr. Pacino made a motion, seconded by Mr. Stempeck, that proposal IFP 2019-24 for Three Phase Pad Mounted Transformers be awarded to: **WESCO Distribution, Inc.**, for **\$174,625.00**, pursuant to M.G.L. c. 164 Section 56D, on the recommendation of the General Manager.

Motion Carried: 5:0:0.

IFB 2019-26 Construction and Installation of New Stand-by Generator with ATS

Mr. Jaffari explained that this is construction to put the generator on the pad and installing the automatic transfer switch. The invitation to bid was sent to 19 vendors and three responded without exceptions.

Mr. Pacino made a motion, seconded by Mr. Hennessy, that IFB 2019-26 for Construction and Installation of New Stand-by Generator with ATS be awarded to: **Sparks Company, Inc.**, for **\$130,687.00**, 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.

General Discussion

Meeting dates were discussed.

Mr. Pacino stated with the Commission's permission that he will serve as Board Secretary for this meeting and all subsequent meetings thru the next Town Election.

Adjournment

At 9:01 p.m., Mr. Pacino made a motion, seconded by Mr. Stempeck, that the Commission go into Executive Session to discuss confidential, competitively-sensitive or proprietary information in relation to making, selling, or distributing electric power and energy; consider complaints brought against a public officer, employee, staff member or individual; discuss purchase of real property; and discuss strategy with respect to collective bargaining and return to Regular Session for the sole purpose of adjournment.

At 10:22 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.



Philip B. Pacino, Secretary Pro Tem
RMLD Board of Commissioners