

Reading Municipal Light Department

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05/21/2009 Operating and Capital Budget/Pension/Legal Services Committee

Reading Municipal Light Department (RMLD) Board of Commissioners
Operating and Capital Budget/Pension/Legal Services Committee
Thursday, May 21, 2009

Start Time: 7:30 P.M.
End Time: 9:12 P.M.

Attendees:

Committee Members: E. Kearns, Chair, R. Hahn, P. Pacino

RMLD Board: M.E. O'Neill

Staff: V. Cameron, K. Sullivan, J. Donahoe, M. Uvanni, P. O'Leary FY10 Capital Budget

Ms. Kearns called the meeting to order at 7:40 P.M.

Mr. Uvanni discussed Projects #27 - Hardware and #28 - Software first.

The following questions and/or comments arose followed by the response.

Q. How often are computers replaced, and is there a schedule for replacement? What are the Dell invoices that are in the accounts payables?

A. There are 14 Dell servers and over the past three to four years many desktop PCs were replaced. Some of the invoices are for toner cartridges for Dell printers and two new servers have been ordered to replace five-year old ones.

Q. Could the Board have a list of each piece of computer hardware, i.e., year purchased etc. so that the Board would know what the invoice is for?

A. Yes.

Q. Explain the second item in Project #27 – wireless access point.

A. Network speeds have increased and the RMLD has wiring in the building that is category 5. In order to increase the network speed, some areas in the building would have to be re-cabled. Instead of re-cabling, a wireless access point will be set up. This is a pilot program to see how it works, and eventually everything will be wireless. The third item, web cameras, was explained: These Web cameras are in conjunction with a facilities project, which will replace security equipment at the substations. The MIS side of the project is the actual inside Web cameras (Webcams) and the equipment that would be plugged into the routers, the hubs, and the switches.

Q. Has Mr. Uvanni talked to the new Energy Efficient Engineer, Jared Carpenter, regarding any software needs he may have regarding such programs as the energy audits?

A. Yes, MIS is working with Jared on how we can integrate more of a Customer Relationship Management (CRM) type package with utility billing software. It is our intention to integrate a program called Microsoft CRM with our current system so that Jared can track everything that can be done with a customer.

Ms. Kearns had a conversation with Jared and asked him what he was going to try to track. He hopes to track such things as whether or not a customer is going to implement the recommendations of an energy audit and whether or not if they did, has their bill decreased.

Mr. Uvanni stated that this would be part of the CRM.

Mr. Uvanni discussed Projects #27 - Hardware and #28 - Software first.

The following questions and/or comments arose followed by the response.

Q. Is that part of this budget?

A. It would be in General Software Purchases.

Mr. Cameron noted that reports could be written for that type of information, and they would be an operating expense.

Mr. Donahoe discussed Projects #18 through #21.

Project #18 – Purchase Two Small Vehicles

Q. Are there any "green" heavy-duty pick-up trucks and who makes hybrid SUVs?

A. Yes, Chevy makes the Silverado and Toyota probably makes "green" heavy-duty trucks. Mr. Donahoe noted that there is another level of maintenance for hybrids, and the RMLD does not have house mechanics. He believes that since the technology is new, maintenance could prove costly, and he would like to see how the "green" heavy-duty pick-ups progress. Ford, Toyota, and Nissan and perhaps others presently make hybrid SUVs. He explained the specifications process. Q. Will Truck 22, the one that is being replaced, be kept in the fleet?

A. No, the surplus vehicles are first offered to the four towns, however, Truck 22 is not in good shape and may be sold for junk.

Ms. O'Neill commented that under the Green Communities Act, one of the things for the Towns to do is to have a policy that all vehicles purchased are "green", and the RMLD should at least look into purchasing "green" before any vehicles are bought. Mr. Cameron noted that there is a caveat in the Act relative to the type of vehicle being used, and suggested Mr. Donahoe could poll the dealerships and see what's out there.

Project #19 – Replace Line Department Vehicles

Ms. Kearns clarified that the purchase of L-23 and L-10 were approved in the FY09 budget, but the trucks were not delivered.

Mr. Cameron had Mr. Donahoe write up the description as stated in the FY10 Budget and explained that the money appropriated in this budget is for two vehicles that were approved and ordered in FY09 but have not been delivered, and the money not spent. The amount that is in the FY10 Budget will cover these two trucks. He referred to the "Note" in the Budget Request Summary that in FY10 two more vehicles will be ordered that may not be delivered to FY11.

Ms. Kearns wanted to make it clear that the Committee was not approving the trucks listed in the "Note." She was also concerned that once the checks are written for L-23 and L-10, there would be a 0 balance for this budget item; therefore, if the staff comes in for a bid approval on Truck L-6 and Truck L-21, there will be no money in the budget.

Discussion ensued.

Q. Would there be any harm in making this budget figure \$700,000+ to cover all four vehicles?

A. Yes, because the money would not be spent in FY10.

Project #19 – Replace Line Department Vehicles Q. Will the trend of purchasing two line vehicles a year continue?

A. Yes, to keep the fleet up-to-date.

Project #20 – Cooling Towers

Q. Is this relative to the work Accu-Aire has been doing the last few years?

A. Accu-Aire is no longer the contractor. Alpha is the new company that the RMLD has a one-year agreement with.

Q. Would we need Alpha anymore?

A. This is just the beginning of many items that will need replacing regarding the building environment system.

Ms. O'Neill suggested that a Facilities Capital Plan be put together.

Mr. Donahoe hopes to have an engineering firm come in and make a punch list for items to be replaced in upcoming fiscal years.

Ms. O'Neill wants to make sure that any purchased equipment be as efficient as possible.

Q. Why does the labor have to be done on overtime?

A. The cooling tower replacement will involve a crane that will be disruptive to the neighbors, and some work will have to be done on the weekend. Mr. Cameron noted that the OH rate and the OT rate are similar and the cost would be about the same.

Project #21 – Security Upgrades (outside cameras)

Q. Would the cost exceed the \$25,000?

A. No.

Q. Are the cameras checked periodically to make sure they are all in the right direction and working?

A. Yes, and quotes for maintenance are being sought now.

Mr. Sullivan explained Projects 1 through 17 and Projects 22 and 23.

Mr. Sullivan highlighted the following projects that are part of FY09's Routine Construction:

- Carryover from FY08-Martin's Pond- 98% complete.
- Rt. 129 Force Account Project - The state required that more work be done and the additional funding came to \$100,000.
- Maple and Oakdale-North Reading-Upgrade project that the RMLD had to become involved in because Verizon made the commitment to plant infrastructure, and the RMLD had to replace the poles and upgrade the area from 4kV to 13.8. The project is 100% complete at a cost of \$61,000.
- Wilmington Plaza Rebuild-cost-to-date equals \$22,000 and is 95% complete.
- 35kV overhead maintenance work for the two lines that feed Wildwood Station at a cost of \$40,000 and is 100% complete.
- Chestnut Street Upgrade-FY08 carryover- Upgrade from 4kV to 13.8 at a cost of \$90,000 and is 98% complete.

Mr. Sullivan highlighted the following projects that are part of FY09's Routine Construction:

- Reading Center and Haven Street projects-There were two streets added to both: Linden Street and Green Street. They were an addition to Projects #9 and #10 in FY09. Both of these projects are 90% complete.

Q. How are the balances of the projects accounted for in the Capital Budget?

A. This question will be answered shortly.

- The Greens-North Reading-Pole line rebuild was a safety issue. Poles are too far apart and need to be moved closer. All the secondary and primary cables then need to be moved up. Cost will be about \$25,000.
Total for all the above work is approximately \$369,000, which displaces a tremendous amount of work, and the result is carryovers.

For the balance of this fiscal year, the remaining crew weeks are 20 of which there are 10 available. The staff took a long hard look at what would be carried forward and what would be done this year:

- Project #4 in the FY09 budget, Salem Street requires 15 crew weeks. Our intention is to split it between FY09 and FY10 (7 1/2 crew weeks each year).
- Project #6-Fordham Road-Wilmington-1 1/2 crew weeks. (Total of 9 weeks for the above two projects)
- Project #3-Forest Street-Wilmington-5 crew weeks, making a total of 14 crew weeks, which are not available. A decision was made to take Forest Street out of the FY09 budget, not only for the crew week issues, but also because the staff weighed it against all of the other jobs in the FY10 budget for reliability. The jobs in the FY10 budget would provide a more immediate reliability factor for a greater number of customers, and no outages have been reported in the Forest Street area. The project needs to be done and will be in the FY11 budget.

Mr. Sullivan continued with the FY10 Budget:

Project #1 - Stepdown areas - Reading - A continuing project and a carryover. Upgrades the area and removes double poles.

Project #22 - Main Street - Wilmington - A new project. Will address the load growth in the neighborhood without increasing the wire size. This is #8 on the priority list.

Q. Is it slated for quarters 3 and 4 because it is not as high on the priority list?

A. Yes.

Project #2 - Station #4 Getaway Feeder 4W30 Replacement - carryover from FY09. This project began because of asbestos on cable inside the station and includes replacement of 40-year old cable.

Project #3 - Station #4 Getaway Feeder 4W17 Replacement - This project can be done at the same time the crews are on site for the Gaw Project. There is an economy-of-scale between Project #2 and Project #3 and both can be done at the same time. This is #2 on the priority list.

Project #4 - Salem Street Area - Wilmington - This is the #1 priority for FY10 because of reliability, and it has to be done before the summer months. The project began this week. Mr. Sullivan noted that all of the projects have the reliability factor.

Q. Do we have to wait for Verizon to set the poles?

A. No, that's a mistake. Verizon is not needed.

Project #5 – High Capacity Tie 4W18/3W8 Franklin Street – Reading – carryover from FY09. This is #3 priority because of crew allocation and economies-of-scale. Economies-of-scale because this project precedes a second replacement project scheduled for FY2011.

Q. Do we get any money from Verizon?

A. No, a set fee is charged.

Mr. Cameron further explained that when the RMLD sets, we charge Verizon. When Verizon sets, they charge us and then we true up during the year.

Project #6 – Haverhill Street – Reading – Reconductoring – It was pulled out from the FY08 budget and re-established in 2010.

Note: This project was renamed from "Bay State Road" to "Haverhill Street".

Q. What happened to Project #6-Fordham Road from FY09?

A. This will begin shortly and be completed in FY09.

Q. Was Aldrich Road ever done?

A. It was done, but not yet complete. Just waiting for Verizon to install two poles.

Q. Will porcelain cutouts be continued?

A. Yes, in Routine Construction.

Project #7-URD Completions – Need a complete loop feed to avoid an extended outage. This is #6 priority and a complete carryover from FY09.

Q. Why is it in Quarter 4, which puts it off another year?

A. It is weather related since it is underground, and the projects scheduled earlier are Gaw related. Also continuous projects that are already in progress take up Quarter 1 and 2. Quarter 3 is the winter leaving Quarter 4.

Project #8-Salem Street to Glen Road 13kV Feeder Tie – Wilmington – A #5 priority. This project will give 3-phase back up capability to Salem Street and balance the load with two additional phases.

Project #9 – Reading Center – Main Street – U/G – Carryover from FY09. It is the Reading Center job and is 90% complete and will be finished in Quarter 1.

Project #10 – Reading Center – Haven Street – U/G – Carryover from FY09. Same scenario as Project #9--90% complete and will be finished in Quarter 1.

Project #11 – Transformer Replacement at Gaw Substation – Carryover from FY09. The contractor (Part 1) will begin next week. Part 2 has some carryover--the equipment has been delivered but not installed.

Q. Since Part 1 is significantly less than in FY09, does that mean that the overall project costs will be lower?

A. Hopefully.

Part 3 is RMLD Labor.

Q. Will all of the labor be finished by Quarter 4?

A. Yes.

Part 4 – Feeder Re-Assignment. – Breaks up the existing bus sections at Gaw making a better transmission scenario.

Q. What department are these employees (Senior Techs) under and who oversees them?

A. They are under the Station and supervised by a combination of the Station Manager and myself. Mr. Cameron added also by the engineers from time to time.

Q. Why would the Senior Techs have to work 12 weeks of Overtime?

A. There will be outages on this project that will not be done during business hours for reasons of loading and having to run this job around the clock to expedite the length of the outage.

Project #23 – 15kV Circuit Breaker Replacement at Station 5. A #7 Priority.

Q. Although it is #7 in priority, it's in Quarter 4, is that because of the Gaw project and are these only circuit breakers being purchased this year?

A. No, it's in the 4th quarter because of the long lead time for obtaining the breakers, and no, under Project 11, Part 2, the Gaw Project, two other circuit breakers will be purchased.

Ms. O'Neill requested more information regarding the Five-Year Capital Plan for Station 5.

Mr. Cameron noted that these breakers would stabilize the station, and Mr. Sullivan stated that parts are no longer available for the present breakers because they are so old.

Project #12 – Service Installations-Commercial/Industrial. There is a reduction from the FY09 budget. Due to the economic times, the RMLD expects that less service installations will be requested next year.

Project #13 – Service Installations-Residential Customers. Also a reduction from the FY09 budget. An annualized figure was used, and again the RMLD expects less service installations due to the economy.

Project #14 – Routine Construction. Pretty much level funded with an increase for labor costs.

Q. The Department usually goes over the \$1.5 million and why not budget more because of past experience?

A. As of 3/31/09, the year-to-date cost is at \$1.4 million so an annualized figure was used as a basis for this budgeted figure. By identifying the carryover projects, and not just letting them go into Routine Construction, the overages should be reduced.

Project #15 – GIS. RMLD labor to verify the information gathered in FY09 and digitizing of underground plant and maintenance of the stepdown areas.

Q. Why is a Chief Engineer needed for six weeks?

A. Not so sure a Chief Engineer is needed for six weeks, but the Project Engineer 1 is needed for six weeks, and the Chief Engineer will be needed for a part of it.

Mr. Sullivan updated the committee on the GIS work that was completed in FY09.

Project #16 – Transformers and Capacitors. Each category has been reduced from the FY09 budget.

Q. Have Ms. O'Neill's concerns regarding soybean transformers been addressed?

A. Yes, 10 polemount FR3 soybean derived transformers have been ordered.

Project #17 – Meter Purchases.

Q. What is different in A through K from the FY09 budget?

A. The quantity is less in both A and B.

Q. Will people buy more Time-of-Use Meters?

A. Hopefully, since it is the best value.

Motion was made by Mr. Hahn and seconded by Mr. Pacino to approve the First Draft of the FY10 Operating Budget as presented on May 11, 2009.

Motion carried 3:0:0.

Motion was made by Mr. Hahn and seconded by Mr. Pacino to approve the First Draft of the FY10 Capital Budget as presented on May 21, 2009.

Motion carried 3:0:0.

Q. Was Bob Fournier going to replace a couple of pages in the Operating Budget?

A. Yes, and they will be distributed.

Motion was made to adjourn the meeting at 9:12 P.M by Mr. Pacino and seconded by Mr. Hahn.

Motion carried 3:0:0.