

**Reading Municipal Light Department (RMLD) Board of Commissioners**

**Sub-Committee on the Payment to the Town of Reading**

**Tuesday, February 13, 2018**

**General Manager's Conference Room**

**Start Time of Regular Session: 6:00 p.m.**

**End Time of Regular Session: 7:07 p.m.**

**Committee Members:**

**Philip B. Pacino, Chair**

RMLD Board of Commissioners

**George Hooper, Chair**

Citizens' Advisory Board

**Dan Ensminger, Secretary**

Town of Reading Board of Selectmen

**John Stempeck, Commissioner**

RMLD Board of Commissioners

**Neil Cohen, Member**

Citizens' Advisory Board

**Staff:**

**Coleen O'Brien, General Manager**

**Tracy Schultz, Executive Assistant**

**Public:**

**Bob LeLacheur, Reading Town Manager**

**Call Meeting to Order**

Chair Pacino called the meeting to order.

**Review of Prior Discussions**

Ms. O'Brien stated that there is a lot of work being done and described the multiple projects that RMLD is undertaking. The existing Wilmington substation is at the end of its useful life and RMLD is in negotiations for land for a new substation. The lines; due to space restraints, will need to go underground, which is going to add \$3 or \$4 million to the project. RMLD was trying to build the new substation without going to bond, but with OPEB now on the books and GIS revealing how old the system is, the Department may need to bond a piece in the third or fourth year of construction.

**Return to Town of Reading Discussion**

Chair Pacino reviewed RMLD's financials based on the June 2017 audit.

**Next Steps**

Mr. Hooper asked what the bottom line is.

Chair Pacino stated RMLD has a proposal, and then handed copies out to everyone at the table. Mr. LeLacheur stated that the answer was already no. Chair Pacino continued, stating that RMLD would pay the Town of Reading the Boston CPI or two percent, whichever is higher. Mr. Stempeck stated that the town had asked for a base amount.

Chair Pacino stated that the Department wants to change to a calendar year, which will save \$20,000 to \$25,000 a year. Mr. LeLacheur answered that would be up to the Town Accountant, but it shouldn't be an issue.

Chair Pacino then addressed the possibility of a community solar project in Reading. Mr. LeLacheur replied that he had issue with how a solar project in Lynnfield was previously represented to him. He stated that Reading does not want to be a pioneer in solar; the town can't chance having to take over the maintenance responsibility if the solar vendor goes out of business.

CAB Chair Hooper reiterated that the proposal is a flat 2 percent as a floor. Mr. Stempeck stated that the upside is that the CPI can be more. Ms. O'Brien added that the Twenty-Year Agreement would not need to be changed.

Ms. O'Brien added that the Department wouldn't be able to pay if major catastrophe occurred, to which Mr. Ensminger stated a force majeure clause would be included.

## **Next Steps**

Mr. LeLacheur stated that, per a previous legal opinion, the payment is an ironclad obligation and is considered part of RMLD's operating cost, which was not the consensus.

Mr. Ensminger asked about the origin of the CPI. Chair Pacino answered that it came from the CAB.

Ms. O'Brien stated that a rate increase cannot be used to make payments to the Town. Chair Pacino reiterated that switching to a calendar year will save the ratepayers money.

Mr. Ensminger asked what the approval process is. Chair Pacino explained that the CAB would need to make a recommendation to the RMLD Board, who would vote on the change.

Chair Pacino stated that this Committee should meet every five years.

Mr. Ensminger referenced the February 12, 1998 CAB meeting, where it was decided that this committee would include a Town representative; not necessarily a Selectman. Mr. Ensminger also pointed out a discussion that the cost of a facilitator would be shared between the Town and the RMLD. Mr. Ensminger then quoted the motion from the May 1, 2017 Town Meeting, which had originally included the possibility of a sale of the RMLD, but was amended.

Mr. Stempeck stated that if the RMLD was sold, rates would double. Mr. Stempeck stated he looked and couldn't find a single record of a sale of a municipal. Mr. Ensminger answered that he found one in 1908.

Mr. LeLacheur stated there is anger in Reading at RMLD over laying off policemen. Mr. Stempeck stated the anger is due to double overrides and fiscal irresponsibility with the library.

Chair Pacino stated that the RMLD is facing decreased revenue. If this discussion had happened ten years ago, today would be different. Mr. Stempeck pointed out that the RMLD is still down nine employees.

Mr. Ensminger then made the Town's counter-proposal: five percent or CPI, whichever is higher. Mr. Ensminger then stated that he is putting an article on the April Warrant to evaluate the sale of the RMLD.

Mr. Stempeck stated the Town was putting the Twenty-Year Agreement in jeopardy.

Mr. Ensminger stated that the warrant closes on March 27<sup>th</sup>.

Mr. Hooper said that RMLD has always been there, and he stands behind the RMLD's service. The Town of Reading is in a tough situation.

Mr. Ensminger said that the sale of the Light Department would be a huge mistake.

Chair Pacino asked what is the logic behind the five percent? Mr. Ensminger stated that may not be the result, but the Town wants the percentage more in that direction. It's the art of compromise.

Ms. O'Brien stated that the value of the payment-in-lieu-of-tax usually ties in to the health of the utility, like a percentage of net plant or kWh sales.

Mr. Cohen, when asked, stated he had no comment.

Mr. Ensminger stated that he wants to see RMLD's power contracts.

A subsequent meeting was scheduled for Monday, March 12, 2018 at 5:30 p.m. Mr. LeLacheur and Mr. Ensminger then left the meeting.

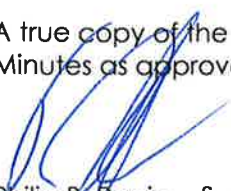
**Adjournment**

Mr. Stempeck made a motion, seconded by Mr. Hooper, to adjourn.

**Motion Carried:**

**4:0:0**

A true copy of the Sub-Committee on the Payment to the Town of Reading Minutes as approved by a majority of the Sub-Committee.



Philip B. Pacino, Secretary Pro Tem  
Sub-Committee on the Payment to the Town of Reading