



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-03-24

Time: 7:00 PM

Building:

Location:

Address:

Session: Open Session

Purpose:

Version:

Attendees: **Members - Present:**

Mr. Robert Coulter, Chair; Mr. Philip Pacino, Vice Chair; Mr. John Stempeck, Commissioner. Mr. David Talbot, Commissioner; Ms. Marlana Bitz, Commissioner.

Members - Not Present:

Others Present:

RMLD Staff: Ms. Coleen O'Brien, General Manager; Mr. Greg Phipps, Director of Integrated Resources; Ms. Wendy Markiewicz, Director of Business Finance; Mr. Hamid Jaffari, Director of Engineering and Operations Ms. Erica Morse, Executive Assistant.

Citizens' Advisory Board: Mr. Jason Small, CAB, North Reading.

Presenters: Caroline Fischer, Cultural Solutions Group

Minutes Respectfully Submitted By: Philip Pacino, Secretary Pro Tem

Topics of Discussion:

1. Call Meeting to Order

Chair Coulter called the Board of Commissioner's meeting to order at 7:00 PM and announced that the meeting would be held on Zoom and live on RCTV and YouTube.

Opening Remarks and Introductions

Chair Coulter read RMLD's code of conduct and asked all attendees to identify themselves.

Vice Chair Pacino served as Secretary at the meeting.

Chair Coulter said Ms. O'Brien has announced her retirement; this news is very unfortunate for the RMLD. Chair Coulter stated that Ms. O'Brien has done a phenomenal job and he has great respect for her and all she does for the RMLD. Chair Coulter thanked Ms. O'Brien on behalf of the BOC; she will be missed.

Mr. Talbot echoed Chair Coulter's comments and thanked Ms. O'Brien.

Mr. Stempeck said Ms. O'Brien has done a wonderful job over the past ten years reshaping and reforming the RMLD into something to be proud of moving forward. He is very sorry to see Ms. O'Brien's retirement.



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Vice Chair Pacino said he is sorry to see Ms. O'Brien go. It was great working with her over the years; out of all the managers Vice Chair Pacino has had the privilege of serving, Ms. O'Brien has been the best.

Ms. Bitá said she appreciates all the one-on-one time Ms. O'Brien has generously offered and will miss more opportunities to work with her.

Ms. O'Brien thanked the BOC for their sentiments.

2. Public Comment

Citizens' Advisory Board

Mr. Small stated that the CAB meeting has been postponed to 4/4/2022.

Mr. Small congratulated Ms. O'Brien and said he has enjoyed working with her on the Board for the last few years. Ms. O'Brien said she is available as a resource and is always willing to help MLPs.

Liaisons to RMLD Board

There was no comment from the RMLD Board Liaisons at this meeting.

Public Comment

There was no comment from the public at this meeting.

3. Approval of Board Minutes

The January 19, 2022, regular session meeting minutes were approved by the Board as presented.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, move that the Board of Commissioners approve the meeting minutes of the January 19, 2022, meeting on the recommendation of the General Manager.

Motion Carried: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Chair Coulter, Aye; Mr. Talbot, Aye; Mr. Stempeck, Aye; Ms. Bitá, Aye.

4. General Manager's Report

Ms. O'Brien provided a General Manager's report as follows:

Community Update

Press Releases

Two press releases will be going out tomorrow: one announcing Ms. O'Brien's retirement and another communicating the Kearsarge Battery Agreement.

Ms. Mulvaney Resignation

Ms. O'Brien said she is sad to announce that Ms. Mulvaney is taking a job at another company. Ms. Mulvaney is thankful for her time at the RMLD and has enjoyed working with everyone. Ms. Mulvaney has done an awesome job and the RMLD will miss her.

Virtual Elementary Art Contest Awards Nights

The awards nights were held earlier this month and were very successful; the artwork was inspirational. Ms. O'Brien thanked Chair Coulter, Vice Chair Pacino, and Mr. Talbot for their participation.



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High School Art Contest

Artwork is due tomorrow (3/25); Ms. Mulvaney will send out a link to vote. The department will choose one or more winning pieces to be on the cover of the annual report.

Board Elections

Board Elections will be held at the 4/21/2022 meeting. The Board will appoint a Chair, Vice Chair, and Secretary. Per Policy 19; a commissioner cannot be appointed if up for re-election within the year. Chair Coulter is the only commissioner up for re-election in 2023.

Annual Report

Ms. Markiewicz stated that the auditors are coming in on 4/4/2022.

Ms. O'Brien said her evaluation packet contains the front-end materials of the annual report. Construction highlights and audited financials will go in the back of the annual report. The Audit Committee and BOC must approve the audited financials before they are included in the annual report. The RMLD is anticipating releasing the annual report by the end of May.

Economic Development Meeting

This meeting relates to the Economic Development of the Eastern Gateway /Ash Street. Ms. Morse tried diligently to schedule this meeting; due to March conflicts, the meeting will be held in April, possibly after the elections.

Transformer Bid Meeting

An additional meeting to discuss the transformer bid needs to occur before 4/10/22. The bid deadline is 4/11/22. There is an option for the BOC to join the CAB meeting on 4/4/2022. The bid has gone past the budgeted amount; Ms. O'Brien must go back to the CAB to get permission to do the bid, then back to the BOC for approval.

5. Integrated Resources Report

Mr. Phipps provided an integrated resource report as follows:

5MW New Battery Storage at Fordham Road (Slide 3)

The RMLD is proposing to add an additional 5 MW/ 10 MWH battery storage system, based on the success of the current battery system at station 3. The system will be installed adjacent to an existing solar array at an industrial site on Fordham Road, in Wilmington. The solar system was installed three years ago as part of the "Solar Choice" Program.

Mr. Phipps stated that Kearsarge will make the initial investment and operate the system. The storage agreement is a similar structure as the solar agreement (PPA), where Kearsarge made the investment and continues to operate the solar array, while handling issues such as, panel maintenance etc.

Mr. Phipps stated that the intention behind this project is to help reduce transmission/capacity costs which are 40% of RMLD's total costs. The cost avoidance model predicts a total peak cost savings of ~ \$1M annually. RMLD is not making the initial investment and is willing to share a high portion of savings with the investor; the investor takes on the technical and financial risk.



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Although the RMLD prefers to own assets where possible, contracting these storage assets under a PPA allows the Department to avoid technology risk while benefiting from the shared savings. Net RMLD cost savings will average \$200K annually with no net cost out and no downside.

Once approved, the RMLD will draft an Energy Services Agreement (ESA version of a PPA); finish working on the interconnect analysis; confirm permitting, site access, safety, etc. The site will be commissioned by summer 2023.

Questions arose regarding the structure of the agreement. Mr. Phipps responded as follows:

RMLD is making a zero dollar (\$0) initial investment. Kearsarge will be making the initial multimillion dollar investment, inclusive of proponents such as getting the battery in place, software etc. Kearsarge is handling the lease of the land and insurance policies. Kearsarge is a reputable organization that has been around for some time; they manage the existing solar array and several others in New England. Kearsarge handles everything and there is only a financial transaction on RMLD's end. This is inclusive of battery augmentation which is needed to maintain the 5 MW output. There is no liability associated with the RMLD. The site is in an industrial area which provides an added safety benefit.

There are two variables in a risk reward approach: size and duration of discharge. The current system configuration is designed to discharge 5 MW for a two-hour period, whereas a step up would discharge 5 MW every three hours. The wider window of 5 MW every two hours increases the probability for hitting peaks, which is more beneficial to the RMLD because this storage system will be a component of the peak shredding program.

The project aligns with the anticipated addition of five (5) MW blocks and is tailored to the location size, load size, and dollars in term of financial return. RMLD is renting access to the equipment under a service arrangement; Kearsarge will take responsibility for the charge and discharge of the battery. This model is anticipated to be successful because of the shared savings that aligns all parties with the incentive to maximize such savings.

Questions arose regarding economics, project cost, and net present value. Mr. Phipps responded as follows:

The economics are evaluated on net cost savings to RMLD with minimal risk. The RMLD drew upon experience from the existing battery storage system at Station 3. Ms. O'Brien stated that people are contacting RMLD for experience and expertise with battery storage. The Department modeled a conservative analysis based on Station 3's system information; the average number of times the battery was discharged over the past year; and what can be assumed from the cost of transmission and capacity etc. The net present value has not been calculated; however, the working assumption is that there will be a 23% net savings of at least \$200 K annually.

Ms. O'Brien said that the RMLD has a third party that calls the peak a day ahead. This analysis is helpful for 85% or higher on the peak for transmission and capacity.

Capacity and transmission costs are charged to the RMLD by the rate at a particular point in time and the load during peak hour. Although the rate is controlled externally, the load at peak hour can be reduced by the implementation of Peak Shredding programs, such as the



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battery being discharged during peak hours which reduces the load and results in cost savings / avoided cost. With the battery in place, the RMLD will pay on average \$900K - \$1M less for capacity and transmission. Once that avoided cost and shared savings are realized, the RMLD will keep ~ 25% of the savings and share the remaining 75% with the system owner (Kearsarge).

Vice Chair Pacino made a motion, seconded by Mr. Stempeck, move that the Board of Commissioners, contingent on the recommendation of the Citizens' Advisory Board, vote to accept the General Manager's recommendation to contract with Kearsarge Energy under an energy storage PPA with shared savings, associated with a new 5 MW, 10 MWH battery system to be installed at a Fordham Road, Wilmington, MA, site, pending final interconnect study and appropriate permitting.

Motion Carried (5:0:0) (5 in favor) Roll Call: Chair Coulter, Aye; Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Ms. Bitá, Aye.

RMLD Wholesale Energy Forecast (Slide 4)

Mr. Phipps provided a general layout of RMLD's wholesale energy cost/forecast and reported on the graph titled "snapshot of current RMLD portfolio".

Mr. Phipps said the purple line represents all RMLD's current contracts in \$/MWH, forecasted over time. RMLD's total energy cost including transmission, capacity, and certificate retirements is ~ \$90 - \$103 per MWH depending on variables. Open market costs are dependent on various factors; this line is above RMLD's average contract line.

RMLD's ability to structure long term contracts is an advantageous in keeping costs stable and below open market prices. This contrasts with IOUs who can only contract in six-month blocks. The difference between the solid and dotted lines is the sale of certificates that are tied to a particular resource. Over time the solid lines merge with the dotted lines as Policy 30 and the Climate Law cause the RMLD to retire more of the associated certificates and sell fewer of those certificates.

Mr. Phipps noted that Offshore wind will likely drive the portfolio cost of wind to \$70-\$80 / MWH.

6. Cultural Survey (Taken out of order)

Ms. Caroline Fisher introduced herself and provided an update on the use of a Cultural Survey at RMLD. Ms. Fisher is a culture/leadership consultant and facilitator; over the last 25 years has worked with large publicly traded electric power companies as well as small power rural electric cooperatives and municipals.

The Concept of Culture

This industry is constantly evolving, which contributes to the need for culture change within organizations to keep up with the continuously evolving demands outside of the organizations (customers, technology advances, etc.). Every organization has a culture whether by design or default; it is the way an organization works together to accomplish objectives and goals. Culture is measurable, manageable, changeable, and directly linked to everything that is measured. Culture starts at the top, but importantly does not end at the top; Everyone throughout the organization impacts the culture.



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Steps To Understanding and Evaluating Company Culture

The first step is taking a snapshot, gathering data, and seeing where the culture is now. This will provide a baseline to make informed choices throughout the entirety of the process. Ms. Fischer said that the collection of data in the organization in combination with the voices of RMLD's people, can identify what is serving the Department's future and what needs to be addressed, especially in times of transition or leadership change.

Today (Slide 3)

All employees participate in and have a voice.

Understanding Business Culture (Slide 4)

Ms. Fischer discussed the definition of business culture. This involves understanding where the organization is going; establishing a future view; identifying the strategies in place and developing goals to support those strategies. It is crucial that the workforce can align towards the Department's goals; this ensures that their work is purposeful and meaningful.

Ms. Fischer provided examples of things to consider when thinking about culture:

- Is communication solely within teams, divisions, or silos?
- Does the communication create real work results across the silos?
- What happens when mistakes are made?
- Employee Development
- How decisions are made translates into how things are done, which will be measured.

Why "Culture" Why Now at RMLD (Slide 5)

The metrics being measured in the culture will reveal how the RMLD is positioned to move forward.

Why "Culture" Why Now (Slide 6)

Focusing on culture is particularly important in today's world; it is about working differently, not working harder.

Creating the "We" at RMLD (Slide 7)

Organizations tend to gravitate towards the small "we", department vs. department or team vs. team. Shifting to focus on culture is about bolstering the bigger "we".

Why "Culture"? Why Now? (Slide 8)

A company's culture will either support overall success or prevent it from moving forward.

Looking through Different Windows (Slide 9)

RMLD, like many other organizations, will show consistent cultural patterns across the organization with subcultural differences that occur from division to division and level to level. Identifying similarities and differences within this can allow for organizations to provide the best support as possible.

The Denison Cultural Model (Slide 10)

Ms. Fischer reported on the "four phases when creating a high-performance culture".

Ms. Fischer highlighted the following points:

- The direction that the organization is going determines the culture that is needed.



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- What kind of clarity is there about that direction throughout the organization? How is that shared (strategies, visions, goals)?
- The alignment of employees with where the organization is going.
- Do employees have appropriate capabilities?
- How do employees work in teams?
- What degree are people empowered to do the best work each day.
- The ability to adapt
- Consistencies, systems, and processes in the organization allow for movement in an efficient and focused way.

The Denison Survey (Slide 11)

The cultural survey measures behaviors: how things are done and to what degree certain behaviors align with company values such as reliability, quality, safety, employee and customer satisfaction and innovation. The survey contains sixty-items. The scale uses a one to five rating system, combined with written questions. The questions are customizable. Scores are provided in a percentile fashion and examine how RMLD stands in relation to similar functioning organizations.

The survey is implemented by Cultural Solutions. The survey is performed with confidentiality and anonymity. Data is provided in an aggregated form to show the emerging patterns and themes. These emerging patterns influence the action taken.

Ms. Fischer said the survey is not an employee satisfaction survey; it is a culture survey. The survey measures to what degree an organization is set up to function safely, with reliability, and with quality as it moves forward.

Ideal Goals of an Employee Survey Process (Slides 12 – 16)

Basic goals of the survey process include identifying areas of strengths and areas of weaknesses that need to be addressed.

Ms. Fischer cited the following examples of survey process goals:

- Understanding what drives an organization that only communicates in silos.
- Understanding what is blocking clarity in terms of where the organization is going.
- Understanding the root cause of an organization's difficulty with change.
- This process opens lines of communication, which can lead to improved teamwork and relationships

Denison Organizational Culture Survey: SAMPLE (Slide 17)

Ms. Fisher provided a sample survey and report for demonstrative purposes. The results snapshot (included in the report) shows the survey findings of the sample power organization.

Ms. Fischer discussed how the survey, and results are presented. Ms. Fischer noted that she is in the process of customizing the survey for RMLD.

Mr. Stempeck commented that the RMLD is facing a General Manager that will be leaving and he does not think it is appropriate at this time to conduct a survey without a new General Manager in place.

Mr. Talbot said that he would like to see the survey questions. This was requested by the Board last June. Mr. Talbot would like to see a survey instrument upon which the Board can



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decide on as a commission. Ms. O'Brien said that in June when the goal to perform a survey was assigned, it was to hire a consultant to develop an employee survey in early 2022. It is on schedule.

Ms. Fischer responded that currently there is a survey that is being customized into RMLD's language. The time to capture the most current state is before the new GM comes on so that person can hit the ground running with the added benefit of the survey data.

Mr. Talbot requested to see where the survey is now and that it be sent to the commission members. Mr. Talbot suggested at the next meeting the Board can decide on the content and timeline.

Mr. Talbot asked if there a narrative report that is produced? Ms. Fischer responded that she does a debrief with the Board and provides a summary of the written responses to the questions with a recommendation.

Ms. Bitz asked a question regarding length and detail; Ms. Fischer said the survey takes twelve to fifteen minutes.

Chair Coulter said he is in favor of moving forward with the survey as fast as possible. Chair Coulter stated that participation is key; promoting the survey and stressing the importance to employees is on the RMLD staff.

A question arose regarding confidentiality; Ms. Fischer responded that written data can be handled in multiple ways to protect anonymity and confidentiality.

Ms. Fischer said that communication around the implementation of the survey is the foremost important aspect; Cultural Solutions Group provides counsel around that. Managing the meaning of the survey is paramount. It is Cultural Solution's job to garner the most valid data possible.

Vice Chair Pacino said that in the past the commission did a survey with no follow through, which had a negative impact on the employees. If the Board sees the questions, perhaps they could better assess the timing of the survey. There needs to be a plan so that there is follow up on the survey.

7. Engineering & Operations Report

Mr. Jaffari reported on supply chain issues and the related effects on the RMLD, in terms of lead time and the pricing for transformers. The COVID pandemic has negatively impacted and accelerated the supply chain issues on a global scale. This impact is not exclusive to RMLD, it includes but is not limited to, manufacturing, transportation, distribution, and retail. According to experts, the supply chain issue could extend beyond 2025.

Transformers Lead Time/Pricing (Slide 4)

Mr. Jaffari reported on the RMLD bid opening last week for transformers. There is an increase in transformer pricing (up to 528%) from CY21 to CY22. Transformers are used daily for construction, system maintenance, and capital improvements. The lead time has increased from 18-32 weeks (CY21) to 22-102 weeks (CY22). Transformer bid submissions include base pricing with the stipulation of no commitment for pricing until the time of delivery, which may



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include additional costs. Manufacturers cannot commit on the delivery timeframe and the submitted changes provided by bidders must conform to 30B bidding requirements.

Supply Chain Impact on Maintenance & Capital Projects (Slide 5)

Mr. Jaffari pointed out the stock amount and impact on capital projects.

RMLD will be implementing a business mitigation plan and solutions to counterbalance this new challenge and increase the resilience in the supply chain. This includes a business contingency plan; risk management analysis; intelligent order management (better management of stock inventory and ordering); and intelligent workflow.

Supply chain costs are directly impacting the price of raw materials, resulting in higher cost of all products used in the power industry. Projected price increases are expected to reach the following: oil 59%, carbon, steel, and aluminum 50%, freight charges 44%, labor 15.5% and electrical steel 25%. These factors are forcing RMLD to slow down the implementation of capital improvement projects to maintain adequate inventory by year end.

New Strategy – Transformer Replacement (Slide 6)

The RMLD is developing a new strategy to meet the upcoming challenges. Prior strategy of transformer replacement and inspection will be modified. The annual transformer replacement target of 180 will be modified to less than 100; transformer replacement will be geared to aged / overloaded conditions only. Priority will be shifted to transformers leaking or seeping oil and emergencies.

Transformers used in construction may be returned to stock for refurbishment. Transformer refurbishment companies (New York, Texas, Midwest) will be utilized to mitigate the supply shortage. The utilization category for transformers in CY22 will be refocused. Due to market price volatility, RMLD is reaching out to other MLPs to create bulk transformer purchases. RMLD would benefit by this strategy. This plan will be continuously modified based on what the market dictates. The historic price increases in CY22 were not anticipated (\$700 K budgeted amount for transformers). Based on the last bid results, RMLD will be over budget by \$1.2m.

A question arose regarding the root cause of the supply chain challenges. Mr. Jaffari stated that the demand is high, and the supply is low. Supply chain issues are caused by backlog of major suppliers, of major ports, and shipping containers entering the United States. Customs agents, the transportation industry, and manufacturers are working around the clock to catch up. The transportation industry is not adequately staffed to transport the products and raw materials, which results in the delay of materials to manufacturers. Existing issues with customs around materials imported from India and China also play a role.

Chair Coulter stated that the same issues are impacting IOUs (Investor-Owned Utilities). All available inventory was immediately purchased; from building switches first to transformers. Anyone not in line today for a transformer will realistically face a minimum wait time of six months. RMLD needs to alter its transformer purchasing process; if the Department is not in the queue customers will not receive the timely service they require. Projects could be held off based on the lack of inventory within the next six months.

Ms. O'Brien provided the commodity impacts: carbon, steel, copper, oil, transformer regulators, switchgears, cost of raw materials pricing, freight costs, types of freight availability



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and labor, manufacturing labor including customs – lack of Customs staffing, electrical steel both grain- oriented for transformer cores, and non-oriented for EVs. There is only one core steel transformer manufacturer in the United States and five globally, oil staffing levels and national security are the impacts.

Ms. O'Brien contacted NEPPA for the municipals to put in an aggregated bid to get into a queue. Currently, potential bidders may not take quotes because they are 100 weeks out. An aggregated bid is a possible solution as it takes the legislative avenue to the government where there can be a shift of funding and refurbishment. Ms. O'Brien will send an insightful presentation from one of RMLD's vendors.

Mr. Jaffari said that the RMLD increased its transformer inventory in anticipation of the upcoming issues; the supply should carry RMLD to the year end. RMLD needs to double up ordering to get in the manufacturers production queue for the next year. Chair Coulter stressed that it is extremely important to get in the queue for manufacturing capacity.

8. RMLD Procurement Requests Requiring Board

IFB 2021-28 Electric Vehicle Charging Stations Site Construction and Installation

There was no discussion regarding this bid.

Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that bid IFB 2021-28 for Electric Vehicle Charging Stations Site Construction and Installation be awarded to: Coviello Electric & General Contracting Co., Inc. for \$95,000.00 pursuant to M.G.L., c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Ms. Bitz, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; and Chair Coulter, Aye.

IFB 2022-01 – Trouble Truck with Trade-In

Mr. Talbot asked how many bids were received. Mr. Jaffari responded the bid was sent to eighteen companies; there were two respondents, James A. Kiley Company and Altec Industries, Inc. Kiley was the lowest responsive and responsible bidder. The Truck 10 traded value assessed by Kiley is \$4.5 K.

In response to a question regarding Altec, Mr. Jaffari stated they did not complete the requisite documentation required, had numerous exceptions, and a higher cost.

Discussion ensued and questions arose regarding trade-in verses auction. Mr. Jaffari responded with the following:

Pricing is better with trade ins; auctions have longer wait times and pricing may be lower. Despite a shortage of trucks in the used vehicle market, this trouble truck has high mileage, as it is in continuous use and requires more maintenance. Thus, a trade in is less complex.

Chair Coulter said that with the trade in, the vehicle will stay in place for ~ one year until delivery of the new replacement vehicle.

Mr. Talbot asked if the contract can be tweaked to give the option of withdrawing the trade in at RMLD's discretion. This would allow to either trade in at \$4.5 K or hold it back.



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Mr. Jaffari said that the pricing may have been predicted on trade in value; the truck will be put on the secondary market, and this is calculated in the amount. Mr. Jaffari said that he will check into the suggestions made.

Vice Chair Pacino pointed out that the nonresponsive bidder offered a trade in of \$7K whereas the responsive bidder only offered \$4.5 K. Can the \$7 K be matched?

Mr. Stempeck suggested RMLD see what the truck will sell for on the secondary market and said that RMLD is not in the truck fixing business, it is the utility business. Mr. Stempeck cautioned the use of resources time for tracking things down. Chair Coulter suggested finding a truck on the market with the same make and mileage to compare the cost, including another year's worth of miles. Chair Coulter said that if the RMLD gets a third of the price on the open market, it is a solid deal.

Chair Coulter suggested to table the motion to the next meeting based on the information requested. Bid deferred to the next meeting.

Note motion tabled to next meeting, no vote taken - Suggested Motion: Move that proposal IFB 2022-01 for one (1) Trouble Truck with Trade-In be awarded to: James A. Kiley Company for \$252,419.001, pursuant to M.G.L. c. 164, § 56D, on the recommendation of the General Manager.

IFB 2022-04 – Home Energy Assessment Program

Mr. Phipps presented on the Home Energy Assessment Program Bid. Mr. Phipps said the residential energy assessment program has been in place for many years; Energy New England performed the audits in the past. The prior contract expired at the end of last year. With the new contract, in-person audits (preferred method) costs \$185 per audit, and the virtual audits costs \$150 per audit. Mr. Phipps compared this with the prior contract; in-person audits cost \$176 per audit. Mr. Phipps said that the in-person audit will take two thirds of the funds with other options filling the balance.

Mr. Phipps said that fifteen bids were sent out with one respondent. CEG was interested, but is Mass Save focused and Abode was not interested.

Mr. Talbot said that he had the Mass Save residential energy audit through the gas company and they pay for attic insulation. Energy New England's version does not do that.

Mr. Phipps stated that RMLD is putting together a weatherization program. RMLD's intention is to have an insulation program linked to the air source heat pump program and is working through the economics of this. This will be brought to the BOC this summer.

Mr. Talbot asked if the audits include air tests to verify if there is air leakage. Mr. Phipps said air door tests can be done at an additional cost of \$200 per test.

Chair Coulter asked if there is a backlog of audits. Mr. Phipps responded yes; January - March requests will be handled in April. Chair Coulter explained what Mass Save entails. It is more expansive than the RMLD due to the nature of its funding.

Vice Chair Pacino made a **motion**, seconded by Mr. Talbot, that bid IFB 2022-04 for Home Energy Assessment Program be awarded to: Energy New England, LLC. for \$82,500.00,



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pursuant to M.G.L. c. 30B, as the lowest responsive and responsible bidder, on the recommendation of the General Manager. This is a three-year contract.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Mr. Talbot, Aye; Vice Chair Pacino, Aye; Ms. Bitar, Aye; Mr. Stempeck, Aye; and Chair Coulter, Aye.

9. Scheduling

- April 21, 2022 will be the next Board of Commissioner's Meeting.
- It was agreed that the Board would not attend the CAB meeting on April 4, 2022.
- The GM Evaluation and Review will be discussed at the April 21, 2022, meeting.

Chair Coulter said that the transformer meeting needs to be held immediately. Failing to get into the queue now could push back the supply 30 days.

Ms. O'Brien said she is checking on Chapter 164 regarding open-ended bids, relative to legality.

Chair Coulter reiterated that the RMLD needs to get in line. The factors behind this are out of RMLD's control. There are unprecedented delays affecting RMLD's ability to provide service. The current situation is unheard of in this industry.

Ms. O'Brien said RMLD is waiting for the CAB to vote on April 4, as the bid is 1M over budget.

Chair Coulter noted that the cost of materials is uncontrollable, when fuel costs go up 200% there is no question that things will be over budget.

Discussion ensued on a date to hold the Transformer bid meeting.

Once the CAB and Board vote to approve, Ms. O'Brien will bring this supply issue to the attention of NEPPA and APPA and work towards an aggregated solution.

Mr. Jaffari stated that the RMLD cannot double up the order because it impacts the price. Mr. Jaffari said RMLD has a strategy in place to manage the crisis, and he feels comfortable with the plan.

Discussion ensued on developing a motion with a price, contingent on recommendation of the CAB.

Mr. Small agreed with the contingent motion and said that Danvers opened the bid in January and awarded the bid prior to supply chain issues. Regardless, the delivery time was pushed out to May. Danvers also faces an issue with storage.

Mr. Jaffari noted that these prices are locked in 30 days.

Vice Chair Pacino asked what the RMLD plans to buy specifically. Mr. Jaffari responded that the Department will be purchasing pad mounted and pole mounted transformers.

The Board agreed on a motion and voted as follows:

Vice Chair Pacino made a motion, seconded by Mr. Stempeck, that the RMLD Board of Commissioners, contingent on the recommendation of the Citizens' Advisory Board, vote to



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accept the General Manager's recommendation due to unprecedented and emergency situations, to award BID IFP 2022-10 and IFP 2022-09 for pad mounted and pole mounted transformers from various vendors and distributors at ~ \$2m in accordance with M.G.L.c. 164.

Motion Carried: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Mr. Talbot, Aye; Ms. Bitá, Aye; Chair Coulter, Aye.

10. GM Goals and Evaluation *Taken out of order*

Ms. O'Brien asked when the topic of her raise will be discussed.

Discussion ensued to schedule a time to address the GM's raise.

Mr. Stempeck suggested a separate meeting to give the Board time to look over Ms. O'Brien's evaluation materials and receive guidelines from the Chair. This will allow the Board to form conclusions and make informed recommendations.

The agenda item "GM Goals and Evaluation" will be moved to a subsequent meeting.

11. Executive Session

Vice Chair Pacino made a motion, seconded by Mr. Stempeck, move that the Board of Commissioners go into Executive Session pursuant to Massachusetts G.L. c.164 section 47D, exemption from public records and open meeting requirements in certain instances, to discuss the deployment of security personnel or devices, or strategies with respect thereto and to consider the purchase, exchange, lease or value of real property if the chair declares that an open meeting may have a detrimental effect on the negotiating position of the public body; and return to regular session, for the sole purpose of adjournment. Note: Roll call vote required.

Motion Carried: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; Chair Coulter, Aye.

12. Adjournment

At 10:06 PM Vice Chair Pacino made motion, seconded by Mr. Stempeck, move that the Board of Commissioners adjourn regular session.

Motion Carried: 5:0:0 (5 in favor) Roll Call: Vice Chair Pacino, Aye; Mr. Stempeck, Aye; Ms. Bitá, Aye; Mr. Talbot, Aye; Chair Coulter, Aye.

Documents Used:

2022-03-24 RMLD Board of Commissioners Regular Session Packet

Board Packet Attachment 1 "Approval of Board Minutes" (Item 3)

Board Packet Attachment 2 "Integrated Resources Report" (Item 5)

Board Packet Attachment 3 "Engineering and Operations Report" (Item 7)

Board Packet Attachment 4 "Procurement Requests Requiring Board Approval (Item 8)

Presentation Attachment 5 "Utilizing a Culture Survey to Support the Path Forward" (Item 6)

13. *Materials Available but Not Discussed*

Accounts Payable / Payroll Questions through pay date 02/14/2021

Surplus and Scrap Material Report January 2021



Town of Reading Meeting Minutes

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

Philip B Pacino
Philip B Pacino (Jul 22, 2022 10:07 EDT)

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



**READING MUNICIPAL
LIGHT DEPARTMENT**

BOARD OF COMMISSIONERS MEETING

REGULAR SESSION

Thursday, March 24, 2022

APPROVAL OF BOARD MINUTES

ATTACHMENT 1



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

RMLD Board of Commissioners

Date: 2022-01-19

Time: 6:30 PM

Building:

Location:

Address:

Session: Open Session

Purpose:

Version: Draft

Attendees: **Members - Present:**

Mr. Robert Coulter, Chair; Mr. Philip Pacino, Vice Chair; Mr. John Stempeck, Commissioner; Mr. David Talbot, Commissioner; Ms. Marlena Bitá, Commissioner.

Members - Not Present:

Others Present:

RMLD Staff: Ms. Coleen O'Brien, General Manager; Mr. Greg Phipps, Director of Integrated Resources; Ms. Wendy Markiewicz, Director of Business Finance; Mr. Hamid Jaffari, Director of Engineering and Operations; Ms. Janet Walsh, Director of Human Resources; Ms. Paula O'Leary, Materials Manager; Ms. Erica Morse, Executive Assistant.

RMLD Finance Committee Liaisons: Jackie McCarthy, Reading

Citizens' Advisory Board: Mr. Vivek Soni, CAB, Reading.

Minutes Respectfully Submitted By: Philip Pacino, Secretary Pro Tem

Topics of Discussion:

1. Call Meeting to Order

Chair Coulter called the Board of Commissioner's meeting to order at 6:30 PM and announced that the meeting would be held on Zoom and live on RCTV and YouTube.

Opening Remarks

Chair Coulter read RMLD's code of conduct.

Commissioner Stempeck served as interim Secretary until Vice Chair Pacino was present at the meeting.

Introductions

Chair Coulter welcomed everyone to the meeting of the RMLD Board of Commissioners and asked all attendees to identify themselves.

2. Public Comment

Citizens' Advisory Board

Vice Chair Soni (CAB) noted that the CAB meeting is tomorrow. At the December CAB meeting, the CAB voted to recommend the decarbonization strategy to the RMLD Board.

Liaisons to RMLD Board

There was no comment from the RMLD Board Liaisons during this meeting.

Public Comment

There was no comment from the public during this meeting.

3. Approval of Board Minutes

Materials: Board Packet, Attachment 1 (PDF)

Meeting minutes were approved by the Board as presented.

Chair Coulter made a **motion**, seconded by Mr. Stempeck, that the Board of Commissioners approve the meeting minutes of the November 17, 2021 meeting on the recommendation of the General Manager.

Motion Passed: 3:0:0 (3 in favor) Roll Call: Mr. Stempeck, Aye; Ms. Bitá, Aye; and Chair Coulter, Aye. Messrs. Pacino and Talbot were not present.

Vice Chair Pacino entered the meeting after the vote was taken. Vice Chair Pacino assumed the role of Secretary at this point in the meeting.

4. General Manager's Report

Ms. O'Brien provided the General Manager's Report.

Adopt-An-Island Update

Ms. Bitá asked for the annual cost associated with the Adopt-an-Island project. Ms. O'Brien responded that it is approximately \$2K for vegetation, inclusive of trimming, at 550 Ash Street.

The 580 Main Street project consists of RMLD installing the EV charging station as well as surface restoration. The area for the project encompasses the corner of Main and Haven Street to the end of the parking lot. RMLD will be working collaboratively with the Reading Garden Club on vegetation. Ms. O'Brien added that Mary Higgins was great to work with, and all parties are looking forward to this project.

The DRT confirmed that the planting would not create any hazards.

Pricing needs to be secured for vegetation. Ms. O'Brien will provide the pricing information to Ms. Bitá.

The RMLD is working on a signage operating procedure for the EV charging station that will be provided to the town.

The EV charging station construction bid is due next week. Construction should start in the spring once the ground thaws.

Erin Schaeffer, Economic Development Director and Ryan Percival, Town Engineer, are the Reading representatives on the EV Charging Station Site Selection Committee and will continue working to select sites that are feasible both civilly and electrically in accordance with the town's plan.

Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that the Board of Commissioners vote to include 580 Main Street in the "Adopt-An-Island" Town of Reading Program, in addition to the existing 550 Ash Street, for vegetation beautification, utilizing below the line funds.

Motion Passed: 4:0:0 (4 in favor, 1 absent) Roll Call: Ms. Bitá, Aye; Mr. Stempeck, Aye; Vice Chair Pacino, Aye; and Chair Coulter, Aye. Mr. Talbot was not present.

Mini RMLD Board Trainings

Ms. O'Brien reported on upcoming RMLD Board Trainings

- FERC Training – February/March, Ms. Markiewicz will present basic FERC accounting.
- Legal Training – In accordance with RMLD policies, date to be determined.
- Open Meeting Law Training – Inclusive of all Board members.

Scheduling

The next board meeting will be held on February 24, 2022.

Tentatively scheduled for the end of February or beginning of March, a meeting will be held for the GM Goals/Review in conjunction with the Cultural Survey Presentation.

Joint Meeting on economic development with Select Board

The Economic Development Tour of RMLD's Ash Street campus is scheduled for tomorrow morning.

Ms. Morse did a great job on the tour map and informational brochure. This tour will be beneficial for the Town, new Commissioners as well as, Select Board Members.

The information gained from this tour can be utilized for the joint meeting with the Select Board in February/March relative to the economic development of the Ash Street area. RMLD needs to know the direction the town is moving in the future to develop a master site plan.

March Finance Committee Meeting

In March, The RMLD will presenting the Payment in Lieu of Taxes (PILOT) to the Finance Committee that demonstrates the new calculation.

RMLD Electric Vehicle Charging Strategies Webinar

RMLD Electric Vehicle Charging Strategies Webinar will be held on February 1, 2022, at 7:00pm. There is a link on RMLD's website to register; the RMLD will continue to promote the event through the newsletter, press releases, and email blasts. Commissioner Talbot volunteered to be on the panel. The purpose is to provide education on electric vehicles, RMLD rebates and to promote electrification.

Reading Rotary Update

The RMLD will provide an update to the Rotary on January 24, 2022.

Upcoming Events

High School Art Contest

High School Art Contest Kickoff for RMLD's annual report theme will be "VERSATILITY"; targeted for the end of January.

Elementary Art Contest Awards

The Elementary Art Contest Awards is tentatively scheduled for February or March and will be held in person or virtual. Audio visual technology is being installed to accommodate hybrid meetings. RMLD hopes to resume in house meetings in the spring.

Town Meeting Land Article

Ms. O'Brien submitted the Warrant Article to the town of Reading regarding the procurement of the land for the new Wilmington substation (all commission members were copied). It has been confirmed that the Article will be on the Warrant for the upcoming Town Meeting.

Mr. Stempeck commended and thanked Mr. Morse for the layout she prepared for the RMLD campus tour. Ms. O'Brien echoed Mr. Stempeck's comments.

5. Policy Review

Materials: Policy Review Packet, (PDF)

Ms. O'Brien reported on the following Policies:

Policy 1: Community Relations

No modifications were made to Policy 1: Community Relations. The policy reflects current RMLD practices, policies, and applicable laws.

Chair Coulter asked a question regarding donations to the communities. Ms. O'Brien responded that the law is very specific, there are no donations/contributions to any charities or 501c's. RMLD receives many requests for donations, and all are reviewed accordingly.

Chair Coulter cited the example of a pole being needed at a ball field; how does the RMLD handle those requests? Ms. O'Brien responded that RMLD has installed and replaced poles in town parks; poles which are not donated.

Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that the Board of Commissioners approve Policy 1 Community Relations as presented, with no changes, on the recommendation of the General Manager.

Motion Passed: 4:0:1 (4 in favor, 1 absent) Roll Call: Ms. Bitá, Aye; Mr. Stempeck, Aye; Vice Chair Pacino, Aye; and Chair Coulter, Aye. Mr. Talbot was not present.

Policy 5: Training and Travel

- The policy name was revised to reflect RMLD's current practice, "Training/Travel".
- The form (Attachment A) was changed to "Training/Travel" permitting authorization for both.
- In accordance with the current RMLD Organizational Chart, Human Resources Manager was changed to Director of Human Resources throughout.
- The approval process, mileage, requisite receipts, and all allowable expenditures were clarified.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, that the Board of Commissioners approve Policy 5: Overnight Travel, as presented, on the recommendation of the General Manager.

Motion Passed: 4:0:1 (4 in favor, 1 absent) Roll Call: Ms. Bitá, Aye; Mr. Stempeck, Aye; Vice Chair Pacino, Aye; and Chair Coulter, Aye. Mr. Talbot was not present.

Policy 17: Tuition Reimbursement

- In accordance with the current RMLD Organizational Chart, Human Resources Manager was changed to Director of Human Resources throughout.
- RMLD has determined that per semester is passe, the department will reimburse six courses per calendar year for higher education (courses are now more condensed - six-week class timeframes).
- The requirement of employees to provide "all receipts" was clarified.
- If the RMLD employee is enrolled in a private college or university, the reimbursement amount shall not exceed the tuition rates applicable to comparable programs at a Massachusetts public university or college.
- The language stating that RMLD employees will not be permitted to use company time or resources for classes nor studying was modified to indicate there are no exceptions.

Mr. Stempeck asked a question relative to course selection: Does RMLD decide if the courses are appropriate in terms of applicability for job training or can employees take any course they wish?

Ms. O'Brien responded that employees receive a list of recommended courses applicable to their position. The goal is to have employees attain skill proficiency through education or for promotion advancement.

Vice Chair Pacino made a **motion**, seconded by Mr. Stempeck, that the Board of Commissioners approve Policy 17 Tuition Reimbursement, as presented, on the recommendation of the General Manager.

Motion Passed: 4:0:1 (4 in favor, 1 absent) Roll Call: Ms. Bitá, Aye; Mr. Stempeck, Aye; Vice Chair Pacino, Aye; and Chair Coulter, Aye. Mr. Talbot was not present.

Policy 22: Pension Trust

Ms. O'Brien stated that the town handles the Pension Trust per the statute under current law. This was part of the Policy 8 OPEB discussion, where RMLD has authority. The RMLD is recommending to dissolve this policy.

Discussion followed on how RMLD's Pension Fund will be transferred to the town of Reading, who will be the custodian of these funds and if this policy should be dissolved.

Ms. Markiewicz clarified that the Pension Trust and the OPEB trust are two separate trusts. The pension trust is with the town and has always been with the town.

Ms. O'Brien stated that although the RMLD is no longer handling the Pension Trust, it still exists, but the investing is handled by the town. The RMLD's annual payments to the town of Reading are reflected as an operating expense in its rates without the creation of a separate trust.

This policy (governing document) does not apply anymore. There is a Pension Trust, but it comes under the authority of the town with the statutes.

Vice Chair Pacino made a **motion**, seconded by Ms. Bitá, that the Board of Commissioners dissolve Policy 22 Pension Trust, as presented, on the recommendation of the General Manager.

Motion Passed: 5:0:0 (5 in favor) Roll Call: Ms. Bitá, Aye; Mr. Stempeck, Aye; Vice Chair Pacino, Chair Coulter, Aye, Mr. Talbot, Aye.

Mr. Talbot joined the meeting remotely at 7:01 PM.

6. Integrated Resources Report

Board Packet, Attachment 4, *Integrated Resources Report* (PDF)

Mr. Phipps provided an Integrated Resources Report as follows.

2022 Rates – Update (slide 3)

Massachusetts Department of Public Utilities (MPDU) confirmed the RMLD rates filing. The new rates became effective as of January 1 and reflected in RMLD billings accordingly.

The Purchase Power Capacity & Transmission Charge (PPTC) and Fuel (pass through accounts) were higher than expected in January. Customer billings for January will be closer to a ten or eleven percent increase based on usage, in comparison to December. Customer billings from September to December demonstrated a lower PPTC cost because RMLD utilized funds from the Rate Stabilization Fund to offset the cost. The use of Rate Stabilization Funds did not occur in January, thus contributing to the increase.

Billing examples that illustrate the 2022 rate changes can be found on RMLD's website.

Mr. Phipps stated that the residential portion of Renewable Choice becomes effective February 1. The renewable choice rate will be shown on residential bills as an incremental rate as opposed to usage and is based on per kilowatt consumption. The renewable choice rate will be communicated in RMLD's newsletter, via a press release, RMLD's website and by email. We plan on making Renewable Choice for C&I in March 2022.

The A3 rate is being tested in the billing system and customer communication is being drafted.

The RMLD is developing a calculator for the renewable choice and A3 rates. The calculator will be located on the RMLD's website, and customers will be able to utilize this tool to view the financial impact for participation in the renewable choice program.

Power Supply Update Status (slide 4)

Three Transactional Facility Agreements (TFA's) were executed in the first half of 2021. RMLD performs the TFA analysis monthly. The RMLD is looking at the forward price curves based on analysis and may execute additional TFA agreements for a four-year period. The April to May timeframe would be financially advantageous for the RMLD to secure these contracts.

Mr. Phipps reported on the power supply contract approved in 2021 as outlined in slide 4. The environmental assessment on the Connecticut and Dahowa projects resulted in no findings. Mr. Phipps stated that the New York project will be executed in the spring, and RMLD will take power from Dahowa in April. Seabrook Solar is expected to be executed in February and the Vineyard Wind purchase power agreement will tentatively occur in March.

RMLD is currently working with Millstone through ENE with other municipal light plants to secure the most advantageous contract.

All power contracts addressed are long term contracts, twenty to thirty years.

Hydro Quebec I/II Transmission (slide 5)

RMLD has transmission rights and equity ownership in Hydro Quebec (2,000 megawatts). The RMLD belongs to a municipal consortium, which in total, owns less than 100 megawatts. Currently, the department is not taking power from Hydro Quebec because the minimum bid to participate is 100 megawatts. RMLD is working in conjunction with ENE to obtain additional megawatts and allow for RMLD to take power from Hydro Quebec.

The intention of the project is not an investment vehicle but to have transmission rights; whether RMLD takes power or not, the contract remains beneficial.

RMLD currently sells the transmission rights and receives dividends from the equity portion. RMLD's expenses were under \$150K; the dividend paid out was over \$550K, with the net benefit of \$400K annually. RMLD has another 20-year contract with no exit clause, which will require \$230K over the next four years with a return of \$1m for the following 16 years.

Chair Coulter asked a question regarding the 100-megawatt barrier. Mr. Phipps responded that currently, the consortium level is at approximately 90-92 megawatts in total; with a small portion left to gain transmission rights. The RMLD is working on finding sources willing to sell their rights. Although not critical in the next few years, this would be a benefit in our power supply portfolio in the future.

7. Engineering and Operations Report

Materials: Board Packet, Attachment 4, *Engineering and Operations Report*, (PDF)

Mr. Jaffari reported on the Engineering and Operations update as well as, CY2021 accomplishments.

RMLD Reliability Indices CY2021 (slide 3)

In CY21, RMLD's reliability indices for SAIDI, CAIDI and SAIFI were lower than the regional and national averages. RMLD has one of the most reliable systems in the northeast region.

Causes of Outages as of December 2021 (slide 4)

In comparison to the annual average (2016-2020); in calendar year 2021 RMLD had a higher occurrence of outages due to issues with equipment. This trend will continue in the short term as RMLD proactively addresses the aging infrastructure equipment.

In all other categories the Department is lower than the five-year annual average.

RMLD's Maintenance Programs (slide 5)

RMLD has outstanding reliability largely due to the maintenance programs the Department has in place. RMLD's maintenance programs mitigate load loss, which in turn, results in cost savings.

CY2021 13.8kV (Step-down) Conversions (slide 6)

13.8kV (Step-down) conversions are extremely important to the reliability of the system. This process involves upgrading poles, wires, transformers, and accessories; this transforms an entire area and with proper maintenance, will last 20-30 years.

CY2021 Underground Subdivisions Upgrade (slide 7)

RMLD has approximately 200 subdivisions, most of which are aged and due for upgrades.

Upgrades are prioritized on age and condition, and involve replacing the transformers, primary and secondary cables, as well as termination elbows. The result is brand new equipment.

Aged Transformer Replacement (slide 8)

The aged transformer program started in CY14. In CY21, 732 pad transformers were inspected over 10 years. There has been a small number of premature failures of less than 25 years. Transformer replacement is prioritized on physical condition, age, and load.

The life of a transformer exponentially decays as it ages. New transformers are extremely beneficial to RMLD as they are more efficient and have lower losses. A substation transformer's life expectancy is between 4-50 years depending on the load and proper maintenance while a distribution transformer's life expectancy is approximately 20-25 years.

Aged Transformer Replacement Program (slide 9)

Mr. Jaffari presented a statistical analysis for system wide pad and pole mounted transformers as outlined in slide 9.

Miscellaneous Construction Projects (slide 10)

Mr. Jaffari presented Pad-mount switchgear upgrades at industrial parks and four new developments.

CY21 Smart Grid Automation (slide 11)

Four SCADA-Mate switches and two IntelliRupters are installed every calendar year, resulting in improved reliability, faster restoration, and the ability to provide metering data to SCADA and OMS. While Smart Grid automation is important for the system reliability, the addition of EV chargers and increased solar load poses a new power quality threat; there is a concern around harmonics in the future.

Smart Grid Projects (slide 12)

RMLD successfully completed a Smart Grid Devices Communication Study; a report will be issued shortly. The results of this study will provide the Department with a guideline for the required radio and communication device(s) that support robust communication between smart switches to support Fault Detection Isolation and Restoration (FDIR).

The Department completed the AMI/MDM study. The study found that the RMLD needs to change the aged Advanced Metering Infrastructure (AMI) system and install the Meter Data Management (MDM) which allows the billing system to integrate with Cogsdale; demand side management; and to implement additional demand programs.

Outage Management System / Integrated Voice Response (OMS/IVR) integration is a method for the RMLD to communicate to the customer base via, phone, text, or e-mail. There are 800 customers currently enrolled.

The Customer Notification System (CNS) which will be utilized for customer alerts during the system peak and demand response, is in progress.

Volt Var Optimization (VVO) is installed and in testing mode. The function of the Volt Var Optimization is to improve the power quality and power factor (lower losses=cost savings).

All required staff have completed the S&C Smart Grid Training.

Substation Equipment Testing and Maintenance (slide 13)

Testing was performed at all RMLD's substations. NERC requires a five-year testing period. RMLD tests the breakers, transformers, and relays triennially. Station 5, due to its age, is tested annually until the new Wilmington substation is built. The Department's plan is to be proactive with equipment testing and maintenance.

CY21-Accomplishments (slides 14-17)

Mr. Jaffari thanked the RMLD supporting staff as well as the management team and stated that it was through their cooperation and collaboration that made CY21 a successful year.

Mr. Jaffari discussed the accomplishments as outlined in slides 14-17, in the following areas:

- Substation
- Engineering & Operations Special Projects
- Facilities and Purchasing/Materials Management

New Wilmington Substation (CY21-CY24) (slide 17)

RMLD has found an option for the new Wilmington substation land in the Ballardvale area.

The load allocation study has been completed to ensure that the location of the substation is at the lowest loss on the system. This new substation will take the load of Station 5 as well as provide load relief for the other two substations.

The Department has completed the site survey, environmental assessment, and land appraisal. The new Wilmington substation will tentatively be completed in CY24 with the load transfers from Substations 3, 4, and 5 to occur from CY24 – CY26.

Massachusetts Grant EV-Chargers (slide 18)

The loading requirement from the transformers has been reduced from 80% to 70% of the name plate due to anticipation of increased load. When fully charged, each EV chargers' load is equivalent to that of three or four homes.

RMLD received a grant in the amount of \$78K for L2 EV chargers at five locations: two in Wilmington and three in Reading. There is an additional grant in the amount of \$99K for L3 EV Chargers at the Reading Library (March-April timeframe) with another in Reading.

Double Poles (slide 19)

Mr. Jaffari presented a statistical analysis for double poles as outlined in slide 19. The RMLD is working to transfer to single poles as soon as possible.

8. Procurement Report

Materials: Board Packet, Attachment 5, *Information on Bidding* (PDF).

Ms. O'Leary reported on procurement and bidding information, as outlined on slide 1.

The RMLD is experiencing delays with lead times for equipment and materials. The supply chain has been interrupted due to shortages of personnel and COVID absences. Ms. O'Leary noted that the RMLD has been impacted by these delays and cited the example of a generator which the RMLD was scheduled to receive in December. The timeline was first pushed to April, and then again to September.

Concurrently, vendors have shortened the timeline for quote pricing. Certain vendors are no longer providing quotes because it could take a year or more to get the supplies, equipment, or materials.

The RMLD had 40 bids last year and as of January 2022 has a total of 15 bids, quotes, or proposals. COVID has not impacted purchasing in this regard.

Ms. O'Leary addressed the question of "why only one bid":

Non bid submittals

- Vendors cannot meet RMLD's specifications
- Vendors are too busy to respond to bids
- Vendors do not have the requisite resources
- Some bids are restrictive.

Ms. O' Leary cited the example of the Tree Trimming bid. This was a restrictive bid because RMLD has high safety qualifications in the bid specifications, such as Electrical Hazards Awareness Program (EHAP). Not all tree trimming companies have this safety qualification in place, and as a result, do not meet the bid specifications.

Prevailing wage

Ms. Leary discussed prevailing wage as outlined on slide 1. Under Massachusetts General Law all employees on "public works" projects must be paid the "prevailing wage." The Division of Labor Standards sets that wage rate.

To comply with this, vendors must fill out a weekly certified payroll form report and a certified compliance statement submitted with their invoices.

This requires additional paperwork, which acts as a barrier to submitting bids for some potential vendors. In many circumstances, smaller companies cannot afford to pay the prevailing wage rate.

During the bid process, the RMLD circulates a "non-response" form as a way for vendors to provide feedback as to why they did not bid. Calls and emails are made as well. Currently there are few responses to the non-response form. Purchasing is considering changing the order of where the form is located to ensure visibility.

Based on the feedback from the Board all bids are going out for a minimum of three weeks to return the bid, in a more complicated bid, four weeks.

Rejection of a Bid:

- Submitted after specified timeline
- Non-responsive - Does not conform to terms and conditions
- Not responsible - Does not have the integrity, capability, reliability to do the work
- Statutorily required forms not submitted- Non submittal of non-collusion certification, tax compliance certification

- Bid security is not included with submittal
- Bid was not signed by the authorized person

Ms. O' Leary stated that some bidders take exceptions to the bids, and in some cases these exceptions are acceptable. The RMLD may also reject a bid when the bid comes in significantly higher than the budgeted amount.

Chair Coulter thanked Ms. O'Leary for the presentation.

9. Procurement Requests Requiring Board Approval

IFB 2021-37 Electric Utility Excavation Including Emergency and Construction Services

IFB 2021-37 Electric Utility Excavation Including Emergency and Construction Services postponed to the next RMLD Board meeting. No vote was taken.

10. Scheduling

The next RMLD Board of Commissioner's meeting will be held on February 24, 2022.

- February CAB Meeting Coverage: Chair Coulter
- February AP: Mr. Talbot
- February Payroll: Mr. Stempeck

11. Executive Session

At 8:04 PM Vice Chair Pacino made a motion seconded Mr. Talbot by that the Board of Commissioners go into Executive Session pursuant to Massachusetts G.L. c.164 section 47D, exemption from public records and open meeting requirements in certain instances, to discuss competitively sensitive issues regarding Massachusetts G.L. c.30A, sec 21 (a)(1) and to consider the purchase, exchange, lease or value of real property, and return to regular session for the sole purpose of adjournment.

Motion Carried: 5:0:0 (5 in favor) Roll Call: Mr. Stempeck, Aye; Ms. Bitar, Aye; Mr. Talbot, Aye; Vice Chair Pacino, Aye; and Chair Coulter, Aye.

12. Adjournment

The Commission returned from Executive Session for the sole purpose of adjournment.

At 8:36 PM Vice Chair Pacino made a **motion**, seconded by Mr. Talbot that the Board of Commissioners adjourn regular session.

Motion Carried: 5:0:0 (5 in favor) Roll Call: Mr. Stempeck, Aye; Ms. Bitar, Aye; Mr. Talbot, Aye; Vice Chair Pacino, Aye; and Chair Coulter, Aye.

BOARD MATERIALS AVAILABLE BUT NOT DISCUSSED

- Accounts Payable / Payroll Questions through pay date 11/15/2021
- Financial Update through November 2021
- Surplus and Scrap Material Report December 2021

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

INTEGRATED RESOURCES REPORT

ATTACHMENT 2



Integrated Resources Report

Battery Storage and Energy Cost Snapshot

*Presented to the
Board of Commissioners and
Citizens' Advisory Board*

24 March 2022

Outline

Battery Storage at Fordham Road (*motion*)

Wholesale Energy Cost Snapshot

Add battery storage at existing Fordham Road solar site



<i>base case model</i>	<i>annual average</i>	<i>project life (20 years)</i>
Initial RMLD Investment	\$0	\$0
Total RMLD Avoided Costs <i>(capacity & transmission savings)</i>	\$928,945	\$18,578,905
Base Cost <i>(storage services w/ performance warranty)</i>	(\$500,000)	(\$10,000,000)
Shared Savings <i>(50% / 50% after base cost)</i>	(\$214,473)	(\$4,289,452)
Net RMLD Cost Savings	\$214,473	\$4,289,452

key model assumptions – base case

- a) Commission 2Q 2023
- b) 3.4 MW (trans) and 4.7 MW (capacity) reduction during peak hours
- c) 85% peak hit rate
- d) Transmission costs - 5% annual increase
- e) Capacity costs - 2% annual increase
- f) No discount rate included

Existing 2.16 MW DC solar array, Fordham Road, Wilmington;
PV array owned and operated by Kearsarge Energy

Kearsarge invests; adds new 5 MW / 10 MWH storage system; then operates

Base case - charge from grid; exploring solar charging economics / logistics

Site access, safety, permitting, ... completed prior to construction

Additional interconnection analysis in process

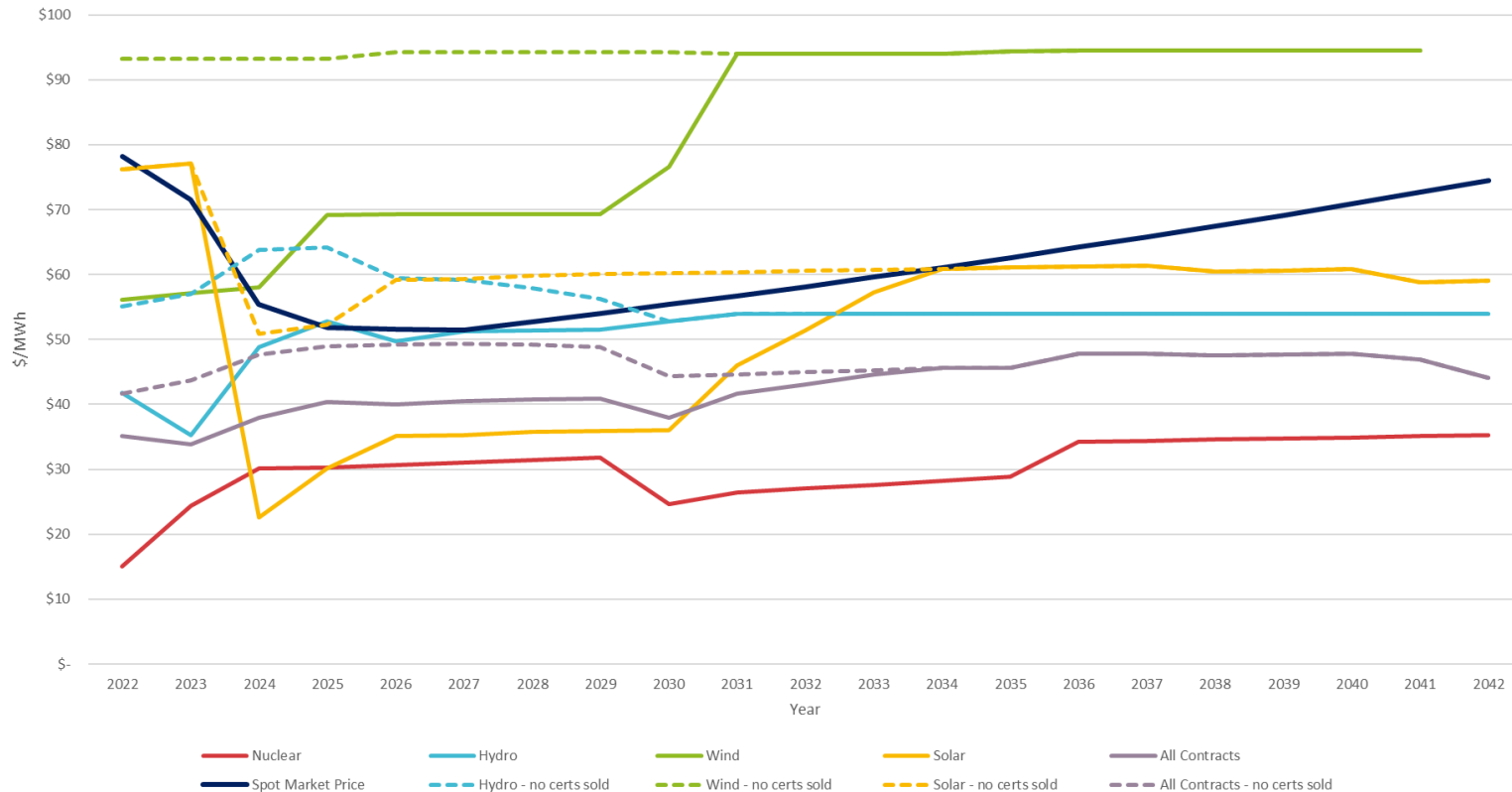
Aligned incentives and low risk to RMLD

Average \$200,000 annual savings (base case)

storage motion

RMLD wholesale energy cost forecast

snapshot of current RMLD portfolio (line steps due to specific contracts ending and starting); energy only (capacity and transmission excluded)



- Solid lines - costs net of certificate sales
- Certificate sales decrease over time to meet compliance → pushing net costs higher
- Open market prices expected to double by 2050 (electrification and non-carbon gen)
- Nuclear lowest and 24/7 (firm for base load)
- Solar cost influenced by certificate sales
- Hydro good overall dispatch and price fit
- Wind is consistently expensive but less intermittent (good dispatch match to solar)
- Diverse mix increasingly important

*RMLD wholesale energy costs are steadily increasing, but less than open market cost forecasts
(one benefit of proactively executing long-term supply contracts)*

Thank You
from the IRD Team

ENGINEERING AND OPERATIONS REPORT:
SUPPLY CHAIN UPDATE
ATTACHMENT 3

Engineering & Operations Report

Supply Chain Update



RMLD Board of Commissioners

March 24, 2022

Hamid Jaffari, Director of Engineering & Operations



Reading Municipal Light Department
RELIABLE POWER FOR GENERATIONS

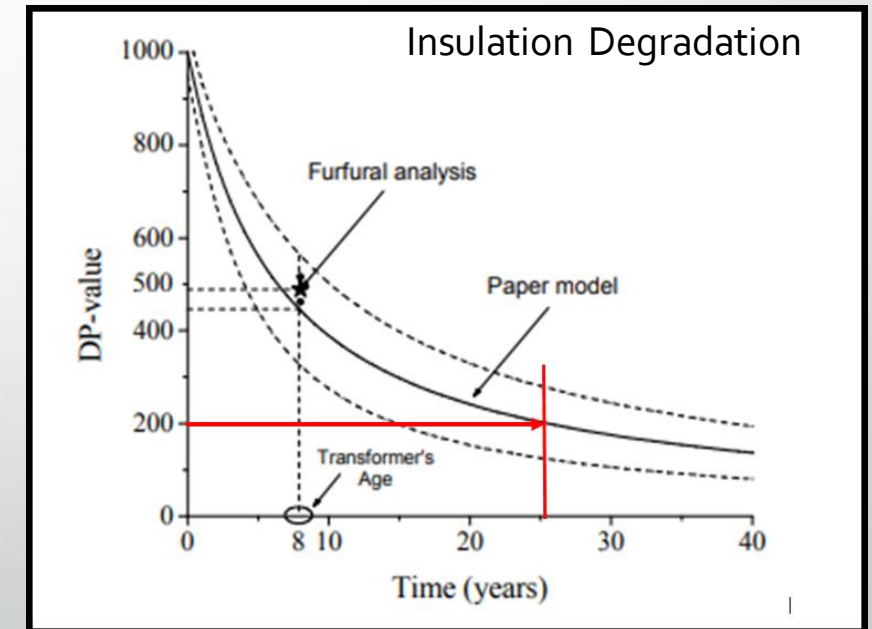
SUPPLY CHAIN UPDATE

Transformers – Key Points

- Aged Transformer Replacement Program
- Transformer replacement helps ensure system reliability and avoids costly oil spill clean-ups.
- Recent bid results revealed dramatic increases in price and delivery lead time for transformers.
- Market conditions are expected to continue at least through 2023.
- RMLD must continue to support system growth, new business, and emergency transformer replacement.
- RMLD will slow transformer replacement rate to extend current inventory.
- RMLD must purchase transformers under current volatile market conditions.
- RMLD should issue another transformer bid to secure current pricing and deliveries in upward market.

Aged Transformer Replacement Strategy

- **RMLD's Proactive Maintenance Plan Started in 2014**
 - Distribution transformers' lifespan matrix: age, load, and physical condition.
 - RMLD has ~4,009 Overhead/Underground Transformers System-wide.
- **Goals of Proactive Replacement Program**
 - Ensure material availability/stocking
 - Ensure network reliability
 - Proactive maintenance avoids excessive cost
- **Transformer Upgrade/Replacement Criteria**
 - Physical Condition
 - Age
 - Load - Transformer Load Management (TLM)



TRANSFORMER LEAD TIME AND PRICING

Sample Comparison

Pole Mount Transformers	2021 Average Price (from Bid)	2022 Average Price (from Bid)	% Increase
37.5 kVa 1Ø WYE 240/120	\$1,619.00	\$4,081.75	152%
50 kVa 1Ø WYE 240/120	\$1,898.50	\$4,618.00	143%
Delivery Range	14-20 weeks	52-102 weeks	

Pad Mount Transformers	2021 Average Price (from Bid)	2022 Average Price (from Bid)	% Increase
25 kVa 1Ø FR3 240/120	\$2,550.33	\$16,022.00	528%
37.5 kVa 1Ø FR3 240/120	\$2,763.67	\$10,359.67	275%
75 kVa 1Ø FR3 240/120	\$3,660.67	\$22,463.00	514%
225 kVa 3Ø DF 208Y/120	\$9,724.25	\$19,915.87	105%
300 kVa 3Ø DF 208Y/120	\$10,866.50	\$23,927.37	120%
300 kVa 3Ø DF 480Y/277	\$9,654.33	\$22,188.94	130%
Delivery Range	18-32 weeks	22-102 weeks	

CY2022 Challenges

- Transformer manufacturers are not committing to a firm price due to unstable steel, iron, copper, and oil prices.
- Transformer costs have increased as much as 500%
- Transformer delivery delayed 30-102 weeks
- Future quotes expected to include escalating price at the time of placing orders.

Supply Chain Impact on Maintenance & Capital Projects

TRANSFORMERS

Approximate Current Transformer Inventory

Type	# in System	# Available in Stock	Stock as % of System
Pad-mount	1,023	183	18%
Pole-mount	2,865	180	6%
Total	3,888	363	9%

- Targeted stock amount is 10% of the number of transformers currently in the system.
- Limited transformer supply will impact the following Capital Projects
 - Aged Transformer Replacement Program
 - Underground Area Upgrades
 - 13.8 kV Stepdown Area Upgrades
- RMLD current inventory of transformers is estimated to last until Nov/Dec 2022.

New Strategy – Transformer Replacement

Prior Strategy:

- Inspect All UG Transformers System Wide (700) Annually
- Replace Approximately 100-180 transformers per year

New Strategy:

- Reprioritize Transformer Replacement – replace and/or reconfigure when transformer:
 - Meets aged, over-loaded, and physical condition matrix.
 - Leaking and/or seeping oil/emergencies
- Transformers coming back from the field are evaluated for potential refurbishment.

<u>Utilization Category</u>	<u>Refocused</u>
Maintenance Related (Aged Transformers)	25%
Capital Projects & New Business	15%
Emergencies/Overloaded Transformers/Safety	60%
• Projection: Replace <100 transformers per year	
• Market pricing volatility; evaluate bulk/cooperative MLP effort.	

ADDITIONAL SUPPLY CHAIN CONSIDERATIONS

LEAD TIME/SHIPPING

- Substation Parts
 - Breaker for Station 5: ordered mid-July 2021; typical turnaround 16-18 weeks. Delivery has been delayed several times – delivery pending any time now.
 - 35kV Breaker for Station 4: ordered December 2021; typical turnaround 4-5 months. July 2022 delivery pending.
- Itron Meters: typical turnaround 6 weeks; current lead time 4-6 months.
- Overhead Wire (various types) - average current turnaround 2-10 weeks; previous turnaround within one week.
- Underground Wire (various types) - current turnaround 1 week; this is standard.
- Poles (various types) - current turnaround 2 weeks; this is standard.
- Terminations & Elbows (various types) - current turnaround 3-4 weeks; this is standard.
- Switchgear – order placed on December 1, 2021. **July 1, 2022, estimated receipt (this is standard).**

The Stock Department is monitoring lead times and is currently ordering above normal ordering patterns for standard stock items.

ADDITIONAL SUPPLY CHAIN CONSIDERTIONS

LEAD TIME/SHIPPING

Continued...

- Generator for Substation 3 – BOC approved in May 2021; ordered July 13 with estimated 22 weeks delivery. Has been delayed several times; September 2022 current anticipated delivery.
- Rolling Stock
 - Material Handler – BOC approval in July 2021; estimated 47-52 weeks delivery. August 2022 current anticipated delivery.
 - Trouble Truck – pending March 2022 BOC approval; estimated 57-70 weeks delivery.



Any Questions?

**PROCUREMENT REQUESTS
REQUIRING BOARD APPROVAL**

ATTACHMENT 4



March 14, 2022

Town of Reading Municipal Light Board

Subject: IFB 2021-28 Electric Vehicle Charging Stations Site Construction and Installation

Pursuant to M.G.L., c. 30 § 39M, on December 29, 2021, an invitation for bid was placed as a legal notice in the Middlesex East Section of the Daily Times Chronicle, was published in the Central Register, and was posted on COMMBUYS and the RMLD website, requesting sealed bids for Electric Vehicle Charging Stations Site Construction and Installation.

An invitation for bid was sent to thirty-three (33) companies.

Sealed bids were received from seven (7) companies: Brite-Lite Electrical Co., Inc., CDS Unlimited LLC, Coviello Electric & General Contracting Co., Inc., Cullen Electrical Contractors Inc., McDonald Electrical Corporation, Phillips Electric, Inc., and Your Electrical Solution, Inc.

The sealed bids were publicly opened and read aloud at 11:00 a.m. on January 19, 2022, in the Town of Reading Municipal Light Department's Audio Visual Spurr Room, 230 Ash Street, Reading, Massachusetts.

The bids were reviewed, analyzed, and evaluated by staff and recommended to the General Manager.

Move that bid 2021-28 for Electric Vehicle Charging Stations Site Construction and Installation be awarded to: **Coviello Electric & General Contracting Co., Inc. for \$95,000.00¹**, pursuant to M.G.L., c. 30 § 39M, as the lowest responsible and eligible bidder, on the recommendation of the General Manager.

¹See attached analysis.

This work is part of the 2022 Capital Project #099, which is budgeted for \$130,000.

Brian Smith (Mar 16, 2022 07:28 EDT)

Brian Smith, Systems Engineer

John McDonagh, Assistant Director of E&O

Hamid Jaffari (Mar 16, 2022 09:17 EDT)

Hamid Jaffari, Director of E&O

coleen obrien (Mar 16, 2022 13:10 EDT)

Coleen O'Brien, General Manager

Electric Vehicle Charging Stations Site Construction and Installation							
IFB 2021-28							
	Base Bid				Alternates		
Vendor	Location #1*	Location #2*	Location #3*	BASE BID TOTAL AMOUNT	Alternate #1*	Alternate #2*	Total Amount of Bid (Base Bid + Alternates)
Coviello Electric & General Contracting Co., Inc.	\$ 19,300.00	\$ 29,300.00	\$ 33,800.00	\$ 82,400.00	\$ 6,300.00	\$ 6,300.00	\$ 95,000.00
Cullen Electrical Contractors, Inc.	\$ 33,500.00	\$ 44,500.00	\$ 31,000.00	\$ 109,000.00	\$ 14,500.00	\$ 14,500.00	\$ 138,000.00
Brite-Lite Electrical Co., Inc.	\$ 29,900.00	\$ 39,900.00	\$ 65,695.00	\$ 135,495.00	\$ 8,300.00	\$ 8,300.00	\$ 152,095.00
Phillips Electric, Inc.	\$ 30,800.00	\$ 44,000.00	\$ 64,200.00	\$ 139,000.00	\$ 16,000.00	\$ 16,000.00	\$ 171,000.00
CDS Unlimited, LLC	\$ 34,245.08	\$ 48,955.00	\$ 49,990.00	\$ 133,190.08	\$ 23,492.00	\$ 23,492.00	\$ 180,174.08
McDonald Electrical Corporation	\$ 41,858.00	\$ 54,738.00	\$ 72,652.00	\$ 169,248.00	\$ 9,709.00	\$ 8,696.00	\$ 187,653.00
Your Electrical Solution, Inc.	\$ 57,500.00	\$ 57,500.00	\$ 59,000.00	\$ 174,000.00	\$ 12,000.00	\$ 13,000.00	\$ 199,000.00
*Location Addresses							
Location #1 - 580 Main Street, Reading, MA							
Location #2 - 32 Lincoln Street, Reading, MA							
Location #3 - 64 Middlesex Avenue, Reading, MA							
Alternate #1 - 175 Middlesex Avenue, Wilmington, MA							
Alternate #2 - 121 Glen Road, Wilmington, MA							



March 14, 2022

Town of Reading Municipal Light Board

Subject: IFP 2022-01 Trouble Truck with Trade-In

Pursuant to M.G.L. c. 164, § 56D, on February 2, 2022, an invitation for proposal was placed as a legal notice in the Middlesex East Section of the Daily Times Chronicle and posted on the RMLD website requesting sealed proposals for a Trouble Truck with Trade-In.

An invitation for proposal was sent to eighteen (18) companies.

Sealed proposals were received from two (2) companies: Altec Industries, Inc., and James A. Kiley Company.

The sealed proposals were publicly opened and read aloud at 11:00 a.m. on February 23, 2022, in the Town of Reading Municipal Light Department's Audio Visual Spurr Room, 230 Ash Street, Reading, Massachusetts.

The proposals were reviewed, analyzed, and evaluated by staff and recommended to the General Manager.

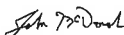
Move that proposal IFP 2022-01 for one (1) Trouble Truck with Trade-In be awarded to: **James A. Kiley Company for \$252,419.00¹**, pursuant to M.G.L. c. 164, § 56D, on the recommendation of the General Manager.

¹See attached analysis.

The 2022 Capital Budget amount for this item is \$250,000.


Paul McGonagle (Mar 15, 2022 12:18 EDT)


Paul McGonagle



John McDonagh


Hamid Jaffari (Mar 15, 2022 14:05 EDT)

Hamid Jaffari


coleen obrien (Mar 16, 2022 13:09 EDT)

Coleen O'Brien

Trouble Truck with Trade-In
IFP 2022-01

Proposer	<u>Trouble Truck Before Trade</u>	<u>Trade-In Value</u>	<u>Trouble Truck Purchase Price Less Trade</u>	<u>*Extended Warranty 22.1</u>	<u>*Extended Warranty 22.2</u>	<u>*Extended Warranty 22.3</u>	<u>Trouble Truck Price Less Trade - including Warranties</u>	<u>Electric Drive PTO System</u>	<u>Trouble Truck Price Less Trade - including Warranties and Electric Drive PTO System</u>	<u>Delivery Date ARO</u>	<u>Documents Complete</u>	<u>Exceptions</u>
Altec Industries, Inc.	\$299,193	(\$7,000)	\$292,193	\$3,335	\$225	\$6,820	\$302,573	\$45,910	\$348,483	180-192 weeks	No ¹	Yes ²
James A. Kiley Company	\$253,182	(\$4,500)	\$248,682	\$2,387	\$150	\$1,200	\$252,419	\$82,882	\$335,301	57-70 weeks	Yes	No

*Extended Warranty - 22.1: Extended 5 year manufacturer warranty, 100,000 miles, 9,000 hours to include engine, electronics, and injectors, extended 5 year manufacturer warranty for transmission.

*Extended Warranty - 22.2: Extended 5 year manufacturer warranty for front and rear axles.

*Extended Warranty - 22.3: Extended 5 year manufacturer warranty, excluding engine and transmission.

¹ Altec did not have an authorized signature on the Proposal form or a signature on the Tax Compliance form which RMLD deemed statutory with proposal submittal.

² Altec had 16 exceptions (too many to list) in their bid and the truck will take almost three and one half years to build.



March 9, 2022

Town of Reading Municipal Light Board

Subject: IFB 2022-04 Home Energy Assessment Program

Pursuant to M.G.L. c. 30B, on February 2, 2022, an invitation for bid (IFB) requesting sealed bids for a Home Energy Assessment Program was placed as a legal notice in the Middlesex East Section of the Daily Times Chronicle and was posted on COMMBUYS, and the RMLD website. On February 7, 2022, the invitation was published in the Commonwealth of Massachusetts Goods and Services Bulletin.

An invitation for bid was sent to fifteen (15) companies.

Sealed bids were received from one (1) company: Energy New England, LLC

The sealed bids were publicly opened and read aloud at 11:00 a.m. on February 23, 2022, in the Town of Reading Municipal Light Department's Audio Visual Spurr Room, 230 Ash Street, Reading, Massachusetts.

The bids were reviewed, analyzed, and evaluated by staff and recommended to the General Manager.

Move that bid IFB 2022-04 for Home Energy Assessment Program be awarded to: **Energy New England, LLC. for \$82,500.00**, pursuant to M.G.L. c. 30B, as the lowest responsive and responsible bidder, on the recommendation of the General Manager. This is a three-year contract.

These services will be paid from the Operating Budget.

Sarah Shenstone-Harris

Greg Phipps

coleen obrien (Mar 10, 2022 11:08 EST)

Coleen O'Brien

MATERIALS AVAILABLE BUT NOT DISCUSSED

From: [Erica Morse](#)
To: [Erica Morse](#)
Subject: AP and Payroll Questions for the 22-3-24 Board of Commissioners Book
Date: Thursday, March 17, 2022 10:32:50 AM

AP

From February 11, 2022, through March 11, 2022 there were no Commissioner questions.

Payroll:

From February 14, 2022 through March 14, 2022 there were no Commissioner questions.

Erica Morse
Executive Assistant
Reading Municipal Light Department
781-942-6489

From: [Maureen Sullivan](#)
To: [Erica Morse](#)
Cc: [Paula O'Leary](#)
Subject: Surplus Update - February 2022
Date: Monday, February 28, 2022 11:40:42 AM

Good morning Erica,

I am sending this email to inform you that there were NO Surplus Items of Substantial Value that were disposed of in February 2022.

Thank you,
Maureen

Maureen Sullivan

Assistant Materials Manager
Reading Municipal Light Department (RMLD)
230 Ash Street
Reading, MA 01867

Tel. No. 781-942-6441

Email: msullivan@rmlld.com

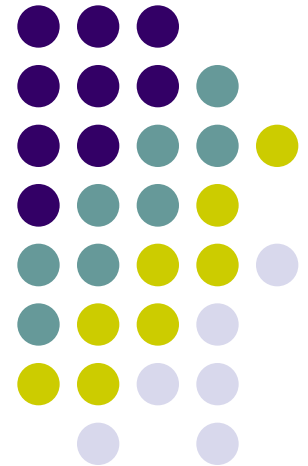
Attachment 5

Looking Through Employees' Eyes @

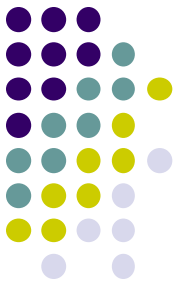


Reading Municipal Light Department
RELIABLE POWER

Utilizing a Culture Survey to Support the Path Forward

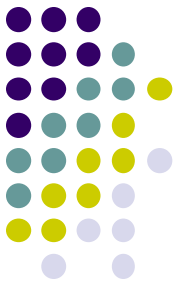


Supported by
Caroline Fisher, PhD
Culture Solutions Group, LLC
March 24, 2022



Welcome to another step on the path forward.



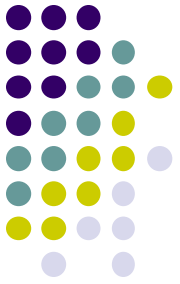


TODAY...

- ❑ **About Culture... What is it? Why does it matter?**
- ❑ **The Denison Model... A tool for quickly understanding the RMLD culture – allowing targeted organizational planning and improvement**
- ❑ **Bringing it All Home: Culture @ RMLD – Your Culture Survey Process**

UNDERSTANDING BUSINESS CULTURE . . .

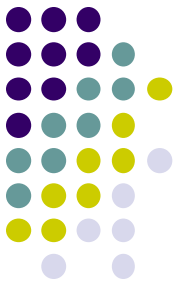
What is Business Culture, Anyway?



TODAY'S DEFINITION:

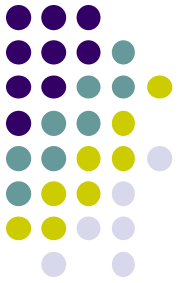
**“The way things
get done
around here.”**

Why “Culture”? Why Now @ RMLD?



- Continually increasing customer needs and expectations
- Ongoing changes in our industry
- Increasing demands to be efficient and effective
- Desire to attract and retain great employees
- Increasing need to innovate and create new customer solutions
- Ensuring leadership at all levels and sustained organizational strength
- Desire to be all that we can be as an organization

WHY “*CULTURE*”? WHY NOW?



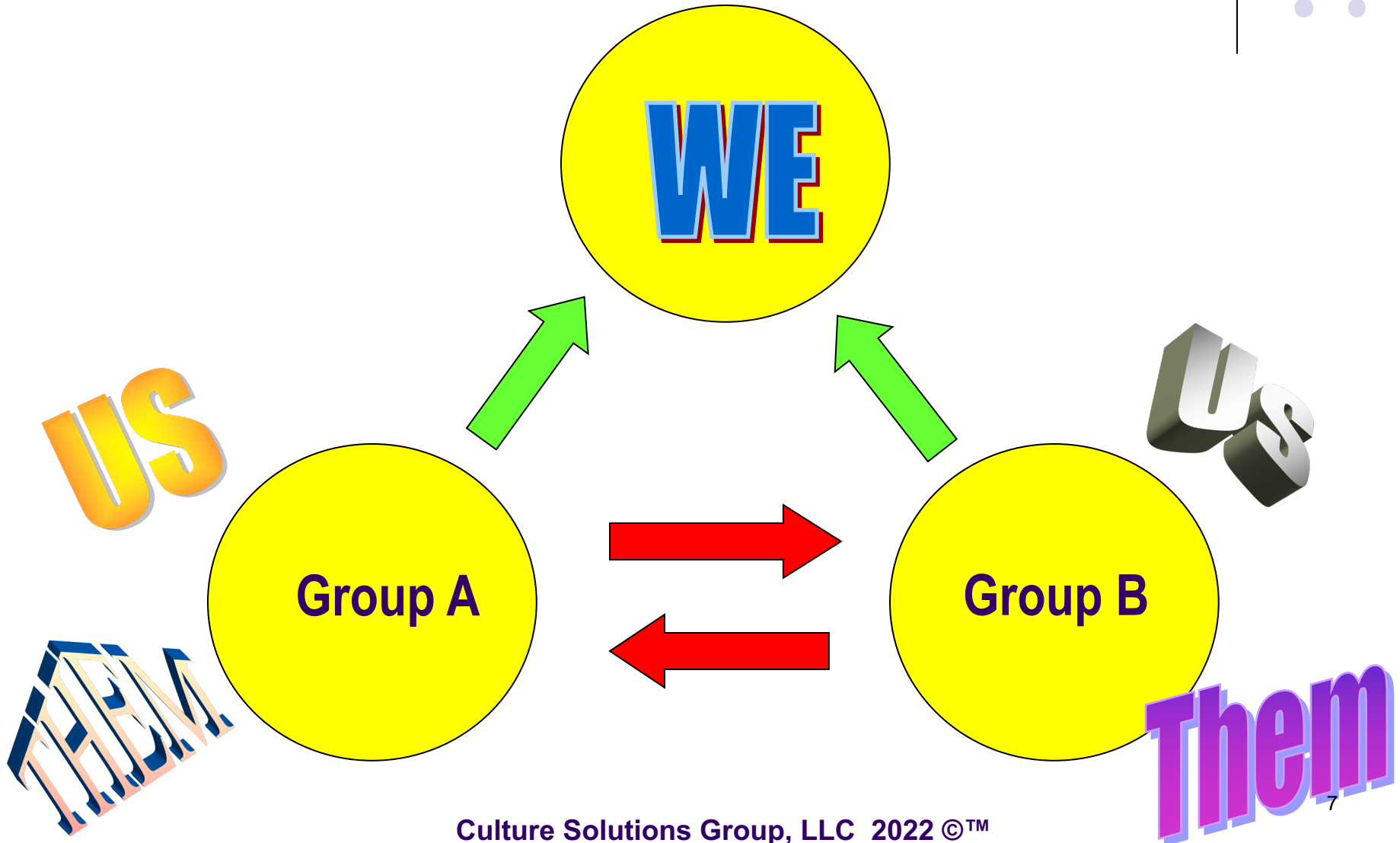
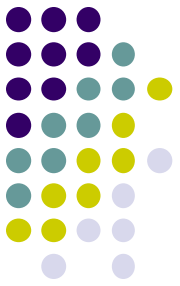
YESTERDAY:

WORK HARDER

TODAY & TOMORROW:

**WORK FUNDAMENTALLY
DIFFERENTLY**

Creating the 'We' @ RMLD...



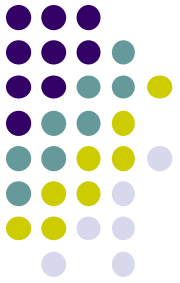


WHY “*CULTURE*”? WHY NOW?

PLAIN AND SIMPLE...

**OUR *CULTURE* WILL EITHER
SUPPORT OUR SUCCESS - *OR*
PREVENT US FROM GOING
*FORWARD.***

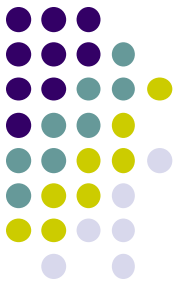
Looking through Different Windows:



The Many Cultures of

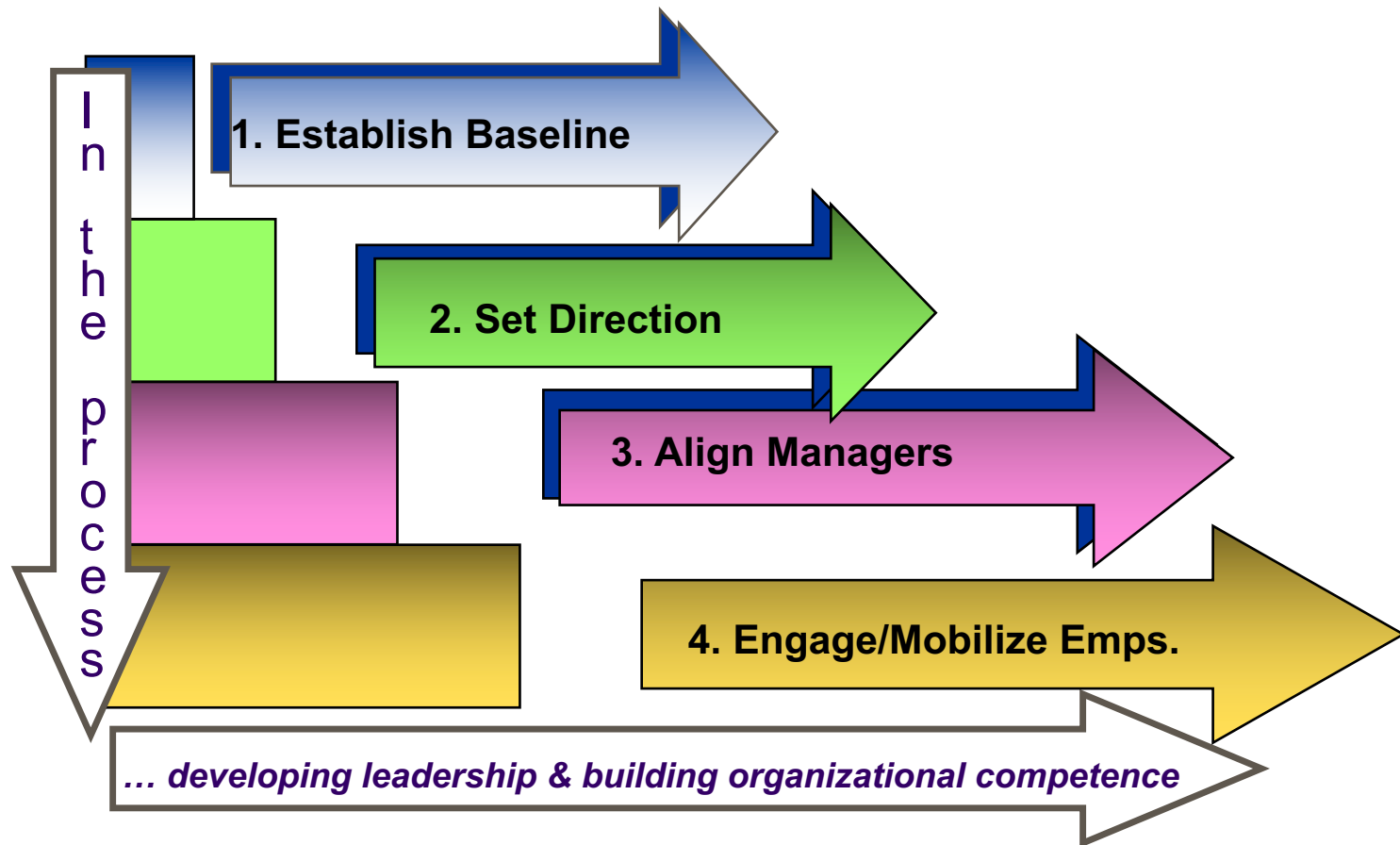


Organizationwide, Level and Divisions

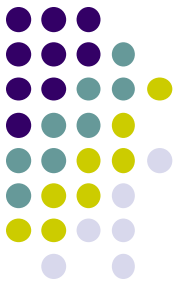


THE CULTURE DEVELOPMENT PROCESS...

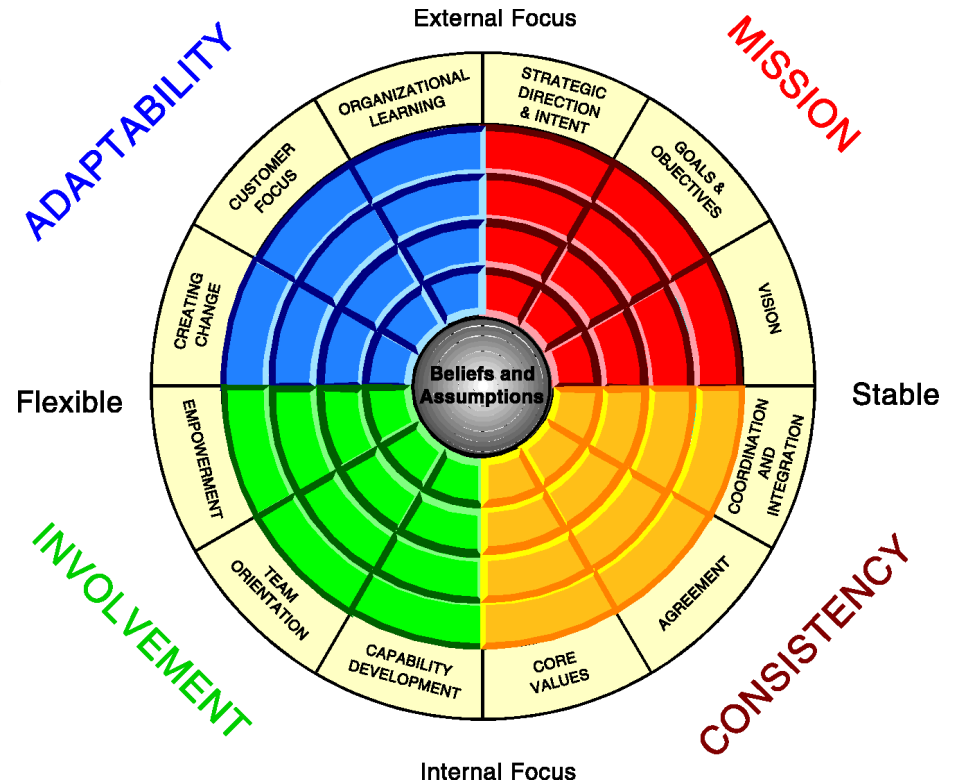
Four Phases in Creating a High Performance Culture

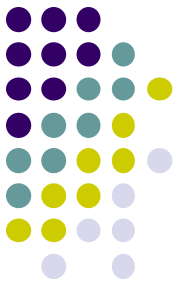


The Denison Survey



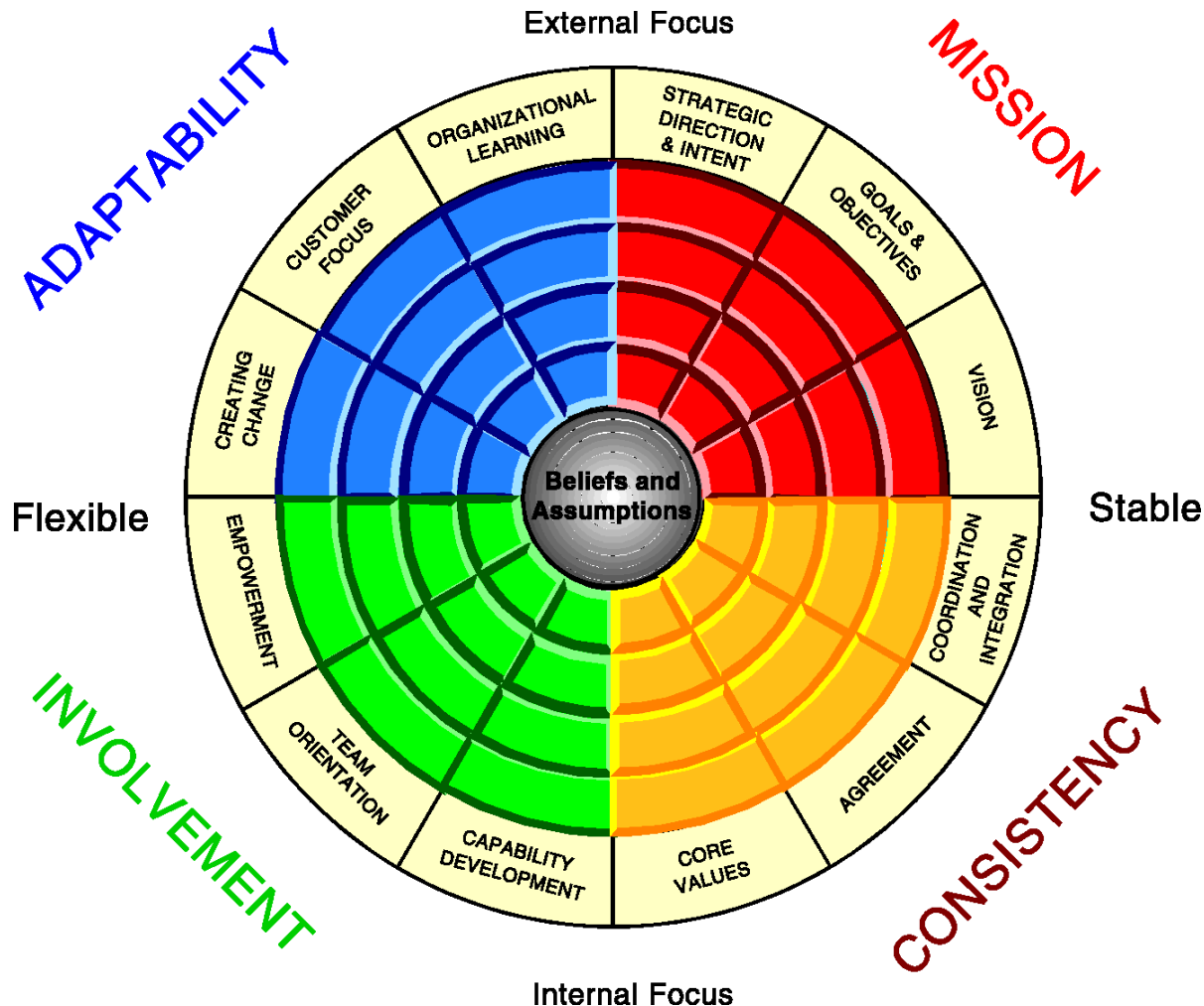
- ❑ What is it measuring? Levels of and drivers/obstacles of employee satisfaction, safety, reliability, quality, innovation and more.
- ❑ Percentile scoring that is descriptive (of current conditions), predictive (of future challenges if nothing changes) and prescriptive (providing guidance for next steps).
- ❑ Behavioral/situational and actionable measures with anonymity of responses.



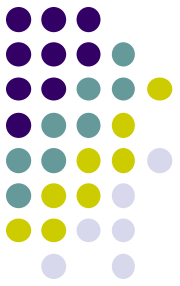


THE DENISON CULTURAL MODEL

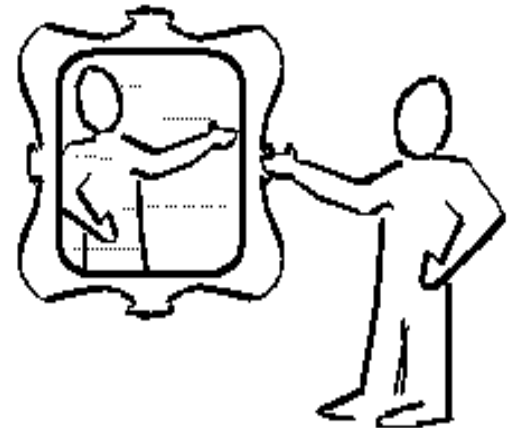
Your Map for Understanding, Designing & Guiding Your Culture



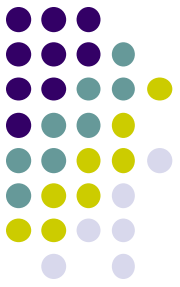
Ideal Goals of an Employee Survey Process



1.To better understand the current strengths and weaknesses of our organization.



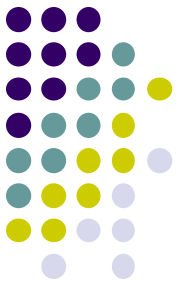
Ideal Goals of an Employee Survey Process



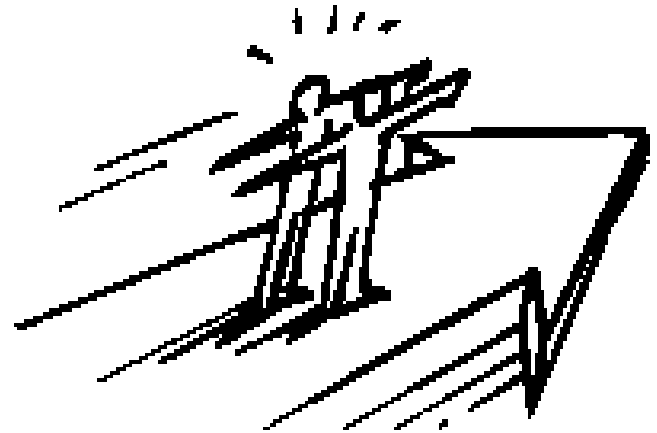
2.To identify “root causes” of challenges or issues within the organization.



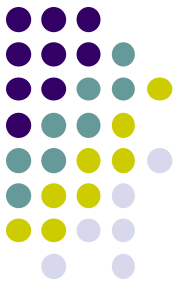
Ideal Goals of an Employee Survey Process



3.To help target our organizational improvement processes toward high-priority areas/needs.



Ideal Goals of an Employee Survey Process

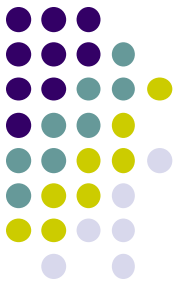


4.To improve communication throughout the organization.

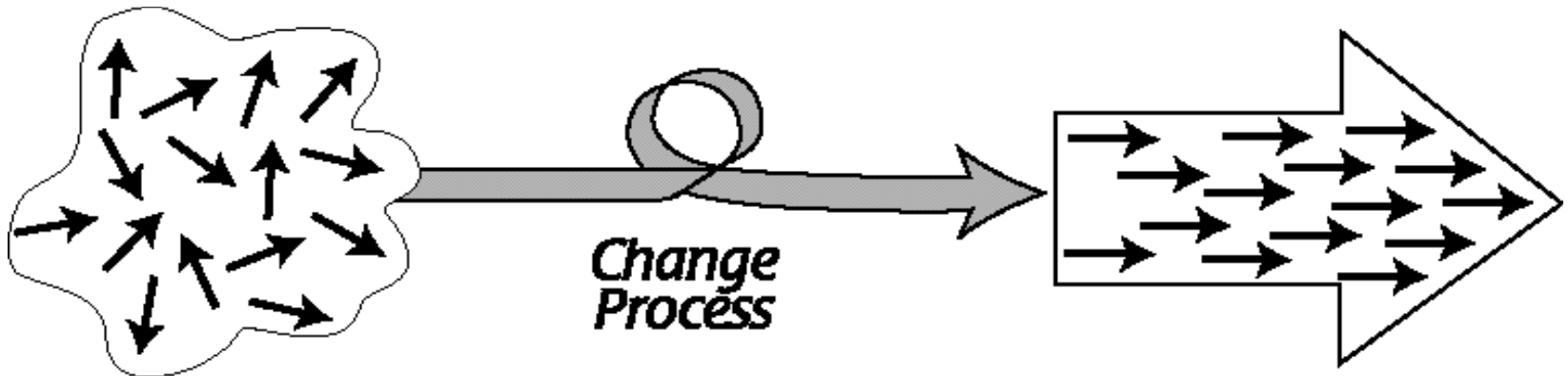
5.To improve teamwork & relationships between levels and functions.

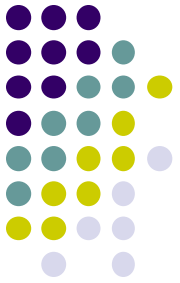


Ideal Goals of an Employee Survey Process

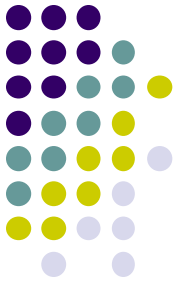
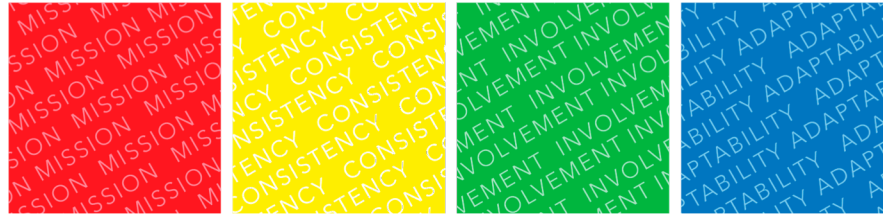


6.To start aligning everyone toward a shared, healthy and effective future.





Appendix



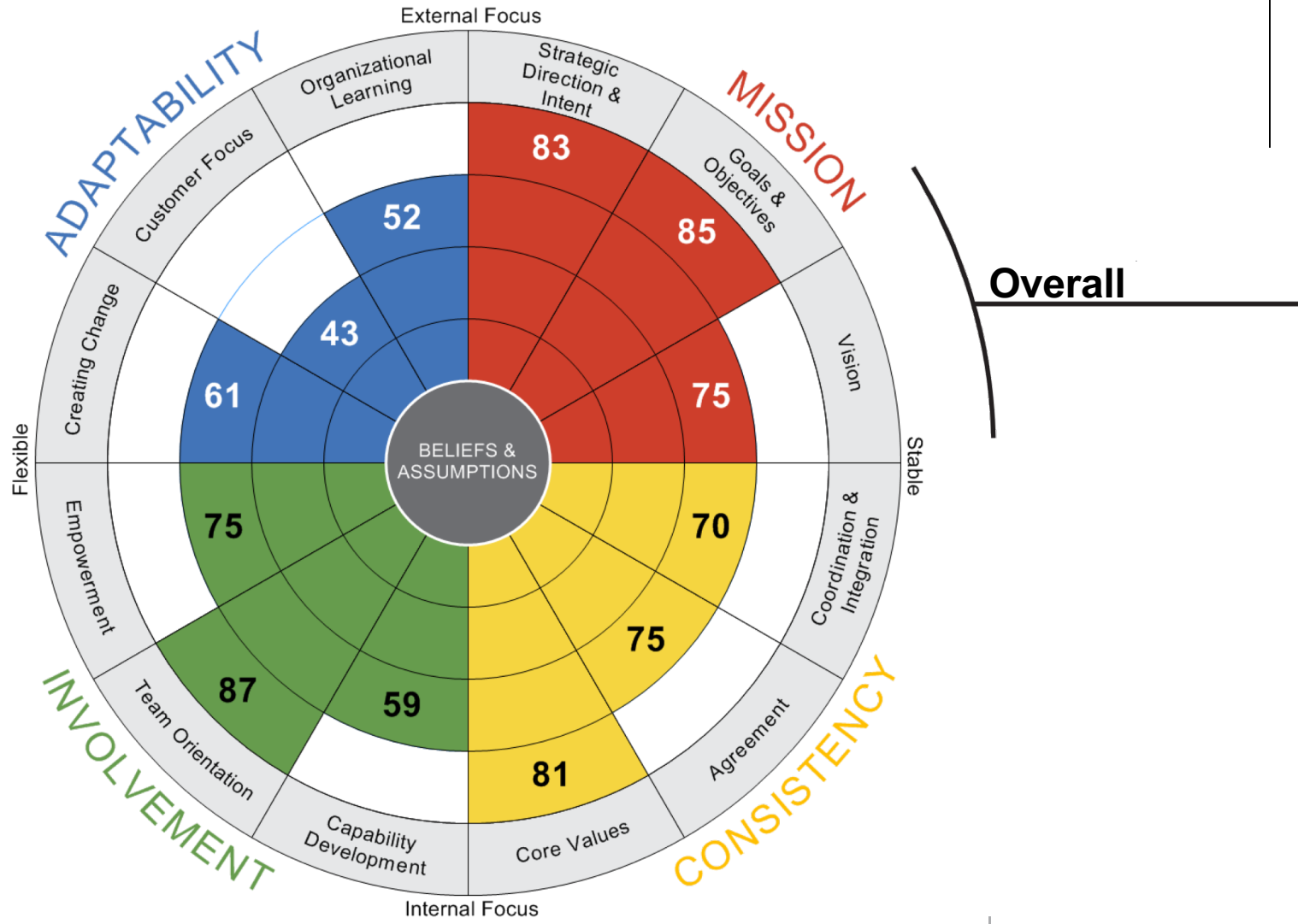
Denison Organizational Culture Survey: SAMPLE

Single Year Report – Full Organization



denison[™]

DENISONCONSULTING.COM



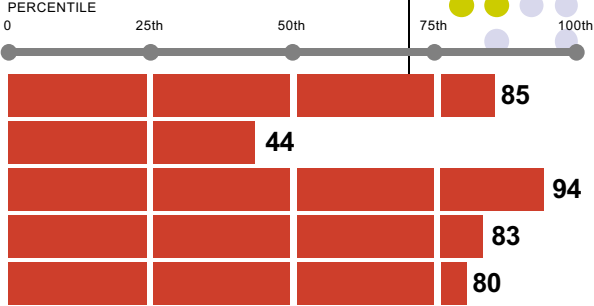
Mission

Overall (N = 214)

In my experience as I get my work done within this organization...

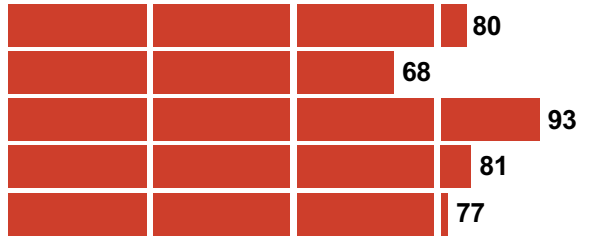
Strategic Direction & Intent

- There is a long-term purpose and direction.
- Our strategy leads other organizations to change the way they compete in the industry.
- There is a clear mission that gives meaning and direction to our work. +
- There is a clear strategy for the future.
- Our strategic direction is unclear to me.*



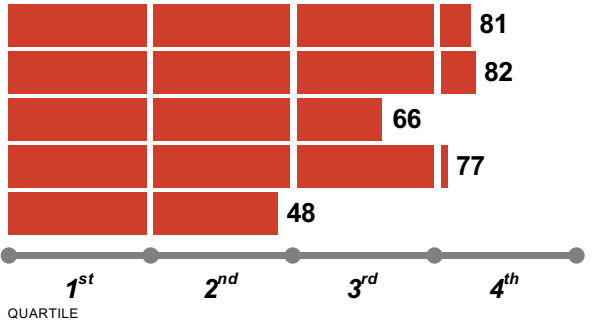
Goals & Objectives

- There is widespread agreement about goals.
- Leaders set goals that are ambitious, but realistic.
- The leadership has "gone on record" about the objectives we are trying to meet. +
- We continuously track our progress against our stated goals.
- People understand what needs to be done for us to succeed in the long run.



Vision

- We have a shared vision of what the organization will be like in the future.
- Leaders have a long-term viewpoint.
- Short-term thinking often compromises our long-term vision.*
- Our vision creates excitement and motivation for our employees.
- We are able to meet short-term demands without compromising our long-term vision.

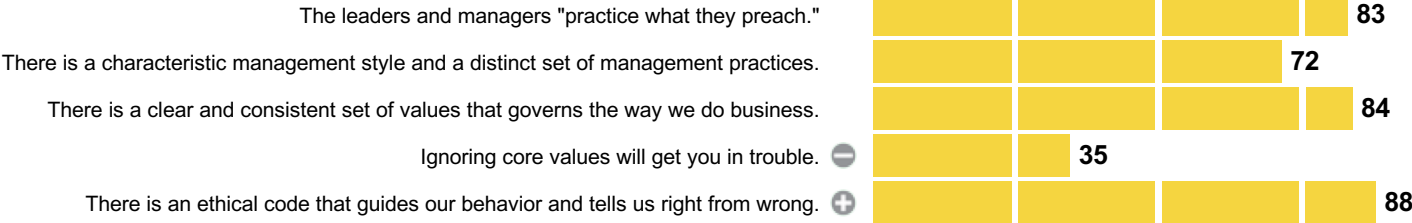


Consistency

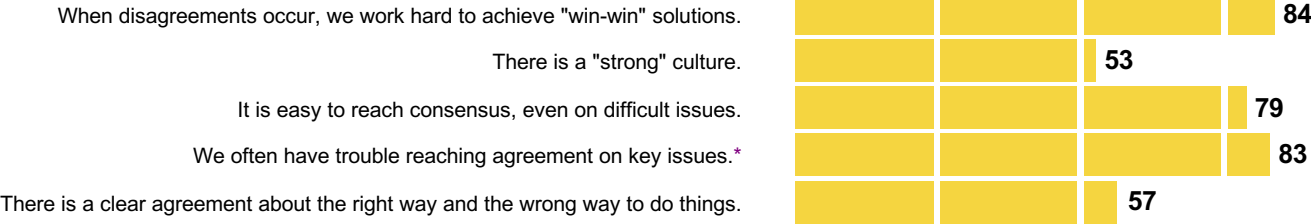
Overall (N = 214)

In my experience as I get my work done within this organization...

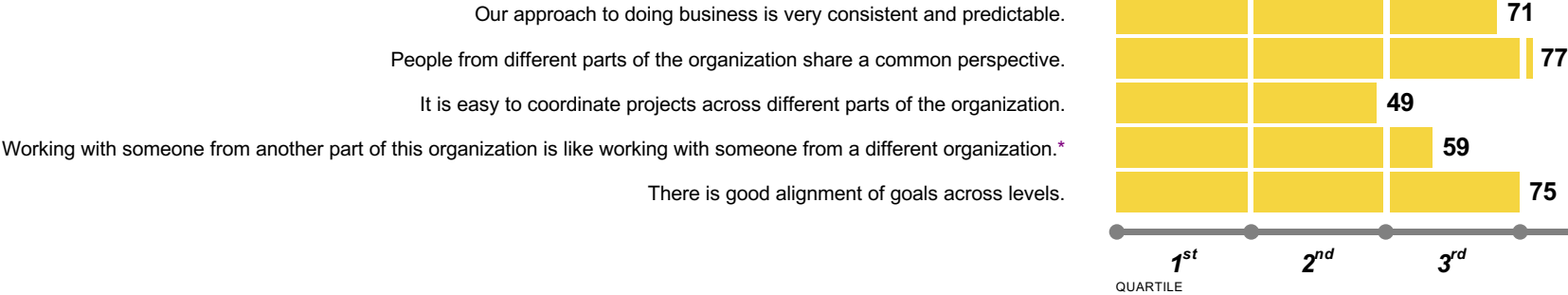
Core Values



Agreement



Coordination & Integration

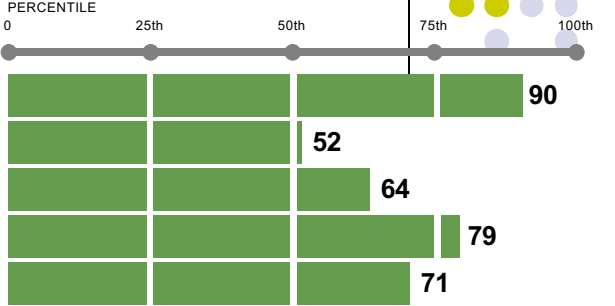


Involvement
Overall (N = 214)

In my experience as I get my work done within this organization...

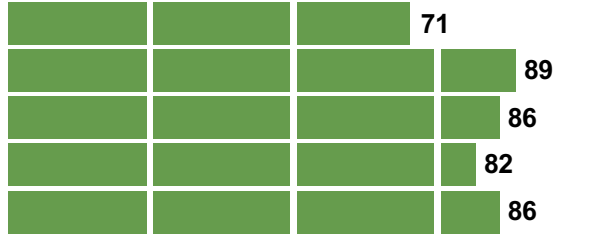
Empowerment

- Most employees are highly involved in their work. +
- Decisions are usually made at the level where the best information is available.
- Information is widely shared so that everyone can get the information he or she needs when it's needed.
- Everyone believes that he or she can have a positive impact.
- Business planning is ongoing and involves everyone in the process to some degree.



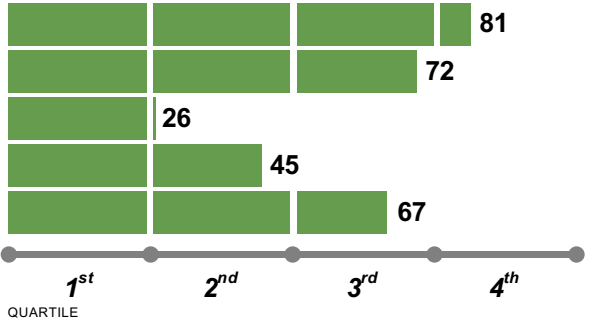
Team Orientation

- Cooperation across different parts of the organization is actively encouraged.
- People work like they are part of a team. +
- Teamwork is used to get work done, rather than hierarchy.
- Teams are our primary building blocks.
- Work is organized so that each person can see the relationship between his or her job and the goals of the organization.



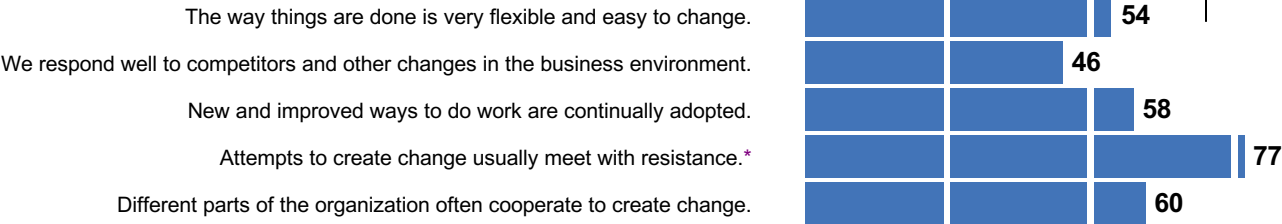
Capability Development

- Authority is delegated so that people can act on their own.
- The "bench strength" (capability of people) is constantly improving.
- There is continuous investment in the skills of employees. -
- The capabilities of people are viewed as an important source of competitive advantage.
- Problems often arise because we do not have the skills necessary to do the job.*

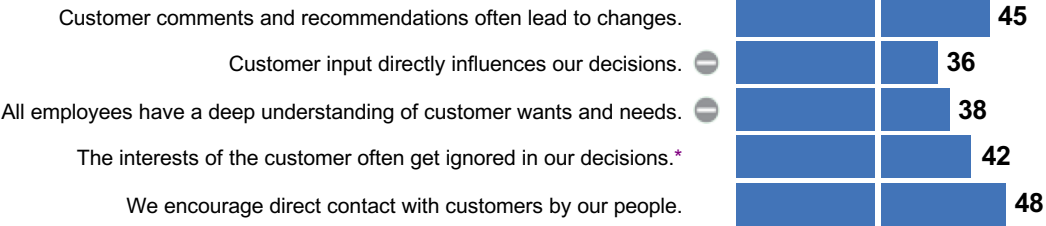


In my experience as I get my work done within this organization...

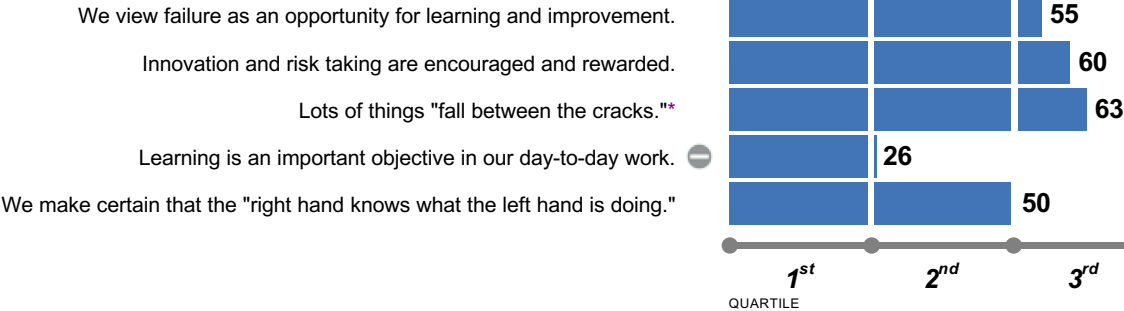
Creating Change



Customer Focus



Organizational Learning



Highest & Lowest Scores

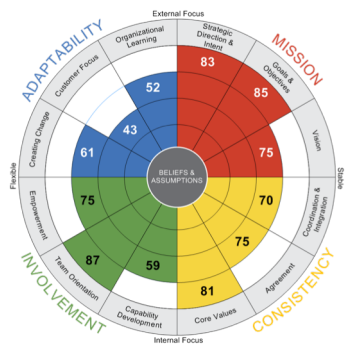
Overall (N = 214)



In my experience as I get my work done within this organization...

HIGHEST SCORES

- 94** There is a clear mission that gives meaning and direction to our work.
- 93** The leadership has "gone on record" about the objectives we are trying to meet.
- 90** Most employees are highly involved in their work.
- 89** People work like they are part of a team.
- 88** There is an ethical code that guides our behavior and tells us right from wrong.



LOWEST SCORES

- 26** There is continuous investment in the skills of employees.
- 26** Learning is an important objective in our day-to-day work.
- 35** Ignoring core values will get you in trouble.
- 36** Customer input directly influences our decisions.
- 38** All employees have a deep understanding of customer wants and needs.

Custom Items

Overall (N = 214)

