



## Town of Reading Meeting Minutes

### Board - Committee - Commission - Council:

RMLD Citizens Advisory Board

Date: 2016-12-14

Time: 6:30 PM

Building: Reading Municipal Light Building

Location: Winfred Spurr Audio Visual Room

Address: 230 Ash Street

Session: Open Session

Purpose: General Business

Version: Final

#### Attendees: **Members - Present:**

Mr. George Hooper, Chair (Wilmington); Mr. Dennis Kelley, Secretary (Wilmington); Mr. Mark Chrisos (North Reading)

#### **Members - Not Present:**

#### **Others Present:**

Ms. Coleen O'Brien, Ms. Wendy Markiewicz, Ms. Jane Parenteau,  
Ms. Kathleen Rybak

**Minutes Respectfully Submitted By:** Mr. Dennis Kelley, Secretary

#### **Topics of Discussion:**

1. Call Meeting to Order – G. Hooper, Chair  
Chair Hooper called the meeting of the Citizens' Advisory Board to order at 6:30 PM and noted that the meeting was being audio recorded.
2. Approval of Minutes – G. Hooper, Chair  
*Materials: Draft Minutes from the October 12, 2016, meeting.*

Mr. Chrisos made a motion that the Citizens' Advisory Board approve the Minutes of the October 12, 2016, meeting as written, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 3:0:0** (3 in favor, 0 opposed, 0 absent).

3. General Manager's Report – C. O'Brien General Manager

*Town Manager/Administrator Meetings:* Ms. O'Brien reported that she has met with all of the Town Managers, and has made the first selectmen presentation in Lynnfield. The discussions focused on the highlights of the FY16 Annual Report, double poles, and the LED streetlight program, as well as future plans for solar and other renewable projects. Ms. O'Brien spoke about some of the challenges of balancing the development of these programs and the impact they have on revenue. The group discussed the use of the NJUNS program to facilitate remediation of double poles, and the towns' role in removing fire and fiber attachments.

*Budget Process:* Ms. O'Brien reported that staff has begun work on the FY18 Budget for distribution to the CAB by the end of March with presentations in April. The preliminary estimate for a rate increase is between 2-4% overall, based on the six-year plan. However, a formal Cost of Service Study will be performed as part of the budget process.

Ms. O'Brien noted that RMLD is replacing the annual t-shirt contest to a "paper" art contest in an effort to save money and resources. Artwork from the participating schools is on display in the Cafeteria, and CAB members are welcome to view the art and cast a ballot for the winners. Two award presentations will take place in February.

4. Financial Update – W. Markiewicz, Business Finance Director  
*Materials: Town of Reading, Massachusetts, Reading Municipal Light Department Annual Financial Statements for the Year Ended June 30, 2016; Financial Report for Period Ending September 30, 2016.*

*FY16 Audited Results:* Ms. Markiewicz reviewed the year-end audited financial report, which was presented to the Board of Commissioners. The audited report was a clean opinion, which means the financial statements are in accordance with Generally Accepted Accounting Principles and the auditors (Melanson Heath) did not see any problems or anything unusual to report. The net position, as highlighted on Page 3 is very consistent with last year and the Department is in a very strong financial position. RMLD has consistently strong cash balances from year to year. The net pension liability (page 6) increased by approximately \$5m compared to last year. This is something that is out of RMLD's control; the investment results of the Town retirement system did not meet the anticipated goal of 7.75% earnings; actual investment results were approximately 0.75%. Additionally, because of GASB 75, RMLD will have to record the Department's unfunded OPEB (other posted-employment benefits) liability in FY18, which as of the current actuarial study is estimated at \$6m.

Ms. Markiewicz reported that revenues increased. However, there was about a 2% decrease in kilowatt hour sales, which is consistent with what management has been reporting. The revenue increase is the result of the rate increase. Net income was about \$3.3m, which is just under the 8% allowance for return on revenue.

Ms. O'Brien noted that RMLD will be losing approximately \$1m in revenue from a large commercial customer who is cutting production at their Wilmington facility. The group discussed the various factors which contribute to the decreased sales and the challenges commercial customers face in their efforts to reduce energy costs.

RMLD does not currently have any bonds payable, and all of the capital assets (\$72m) have been paid in full. Ms. O'Brien noted that RMLD will be seeking bonding in the future to fund a new substation in Wilmington.

*FY17 Q1 Financials:* Ms. Markiewicz reported that formatting of the Financial Statements is being revised, which is why there are some missing pages in the Q1 statements. Currently RMLD is in a strong financial position; cash balances are solid and receivables are approximately 95% current. Compared to last year, we have a \$3m increase in net capital assets due to ongoing capital projects. Base revenues are up approximately 9% compared to last year, due primarily to the rate increase. PPCT and the fuel revenues are currently exceeding (PPCT and fuel) costs by about \$1.1m, which puts us at an overall revenue increase of about 5%, which is very consistent with our rate increase. This shows that we are flat, but stable. Base revenues are up 12.7% and operating and maintenance are up about 12.9%. Overall operating and maintenance expenses are under budget by about \$500k, due in part to vacancies, retroactive contract pay adjustments, and the timing of some of the payables.

5. CAB Membership – G. Hooper, Chair  
Ms. O'Brien noted that she has spoken with the North Reading and Reading town managers and they both anticipate appointments by the end of the month.
6. Membership Recognition – G. Hooper, Chair  
Chair Hooper presented Mr. Mark Chrisos with a meter lamp and thanked him for his service on the CAB.

7. Next Meeting – G. Hooper, Chair  
The next meeting was tentatively scheduled for January 11th.
8. Adjournment – G. Hooper, Chair  
Mr. Chrisos made a motion to adjourn the Citizens' Advisory Board meeting, seconded by Mr. Kelley. Hearing no further discussion, **Motion carried 3:0:0** (3 in favor, 0 opposed, 0 absent).

The Citizens' Advisory Board Meeting adjourned at 7:31 PM.