

**MINUTES
TOWN OF BELMONT
BELMONT MUNICIPAL LIGHT ADVISORY BOARD
CONFERENCE ROOM, BELMONT LIGHT
40 PRINCE STREET, BELMONT
Thursday, May 21, 2015
7:15 P.M.**

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2015 JUL -1 PM 2: 50

I. CALL TO ORDER

Chair Brown called a regular meeting of the Municipal Light Advisory Board to order at 7:20 P.M.

Present:

MLAB- Chair Brown, Vice Chair Forrester, Members DiOrio, Jones, Klionsky, McClain, and Williams

Belmont Light- General Manager Palmer, Finance Manager Makar-Limanov (Klubnichkina), Clerk Williams

Absent:

Member McVay

II. APPROVAL OF MINUTES DATED 4/14/15

Brown made motion to approve the April 14, 2015 minutes. Forrester seconded and the motion was approved.

III. FISCAL YEAR '14 AUDITED FINANCIALS

For the reporting period, Belmont Light had net income of \$2.7 million before providing for the Payment in Lieu of Taxes (PILOT), retirement of debt, and transfer to construction reserve. Total Revenues increased by \$2,188K over 2013. Sales Revenue was \$2,314K, or 10% higher than 2013, due to the rate increase in June 2014; however kWh consumption was 2,983 Mwh lower than in 2013 because of 2014's mild summer. Residential customers continued to account for about 60% of Belmont Light's revenue. Other Revenue decreased by \$126K because Belmont Light transferred electric permit functions to the Town in September 2013, and because there was a decrease in billing for other non-operational services (insurance/storm reimbursements, etc.).

Purchased Power Expenses increased by \$1,359K, or 10%, due to higher market prices. Consequently, in 2014, purchased power amounted to approximately 70% of operating expenses, versus 67% in 2013. 2014 Purchase Power Expenses include additional expense of \$400K transfer done to the Rate Stabilization Fund. Distribution expenses decreased by \$55K, or 3%, to 10% of operating expenses, mainly because there were fewer overhead and underground projects in 2014.

The cost of collection decreased by \$17K or 3%, so customer accounts expenses decreased to 2.6% of expenses in 2014. General and Administrative Expenses decreased by \$273K or 9%, and represented 15% of 2014 expenses, versus 18% in 2013.

The major changes from 2013 were:

- an increase of \$25K as two positions were filled;
- a decrease of \$232K in outside services & consultants expenses \$232K as the staff re-organization project was successfully completed;
- a significant decrease of \$37K in uncollectible expenses;
- an increase of \$13K in insurance costs;
- an increase of \$15K in truck repair services.

IV. GENERAL MANAGER'S REPORT

a. Update on substation and transmission project

The remainder of 20 Flanders Road building demolition will be completed this week and the masonry work associated with the party wall will begin next week. Approximately 60 percent of the substation site has been turned over to the substation building contractor (BB&B) who has mobilized and has trailers on site. Excavation of excess topsoil will begin in about a week. Also, there is an issue with an undocumented 8-inch pipeline that runs along the MBTA line and across our property and drains into Blair Pond. After many discussions with DCR, they agreed that the water run off could continue to drain into Blair Pond. During our discussions with DCR, they expressed interest in getting an easement for some park benches near Blair Pond.

The bid opening for the transmission line is scheduled for June 2. Palmer noted the project team wants to complete the bid evaluations efficiently so we can get it awarded by June 18th and a notice to proceed by July 2nd. Belmont Light is looking to schedule a groundbreaking for the new substation building around the end of June so we will need to coordinate a date/time with everyone's schedule.

McClain asked how many bidders expressed interest in the transmission line. Palmer stated he is expecting at least five responses, which is a very good response for such a specialized project. Palmer then noted the DPU 72 approval is still pending. Klionsky offered to contact Senator Brownsberger to help expedite the process. Brown next asked how the cable discussions were progressing with NSTAR. Palmer stated the project team is finalizing the technical scope and clarification changes in the project design memorandum between NSTAR and Belmont Light.

Palmer noted that that project now has \$52.5 million in bonds, \$26.1M long term and \$26.4 short term taxable and that there is a 10 to 15 percent contingency in the project budget. Financially the project is in good shape Williams asked Palmer how he manages the project on a day-to-day basis. Palmer noted that there are meetings for schedule and budget on a monthly basis and ongoing weekly meetings to address risk management issues or concerns. Also, there are quarterly steering committee meetings that Mr. Forrester attends. Williams asked when interactions with Eversource and MBTA become critical. Palmer sees coordinating with the MBTA is the biggest challenge because the project team needs to gain access to the railway for

construction activities. Coordination meetings with Eversource is becoming more challenging due to the recent merger with Northeast Utilities.

V. ANNUAL PERFORMANCE AND SALARY REVIEW OF THE GENERAL MANAGER

Klionsky said in terms of evaluation goals, MLAB took a number of steps. First, members were given detailed evaluation forms. With everyone present, MLAB took comments and loaded them into a main document. There was much discussion. Then MLAB put the collective comments out for further review. At the next MLAB meeting, very little commentary and clauses were changed. Jones cleaned the evaluation document up and distributed it around. That was in early February. It was then finalized and sent to Palmer. After Palmer looked at it, the review document went onto selectmen.

As for the overall evaluation, everyone on MLAB thought it was accurately reflective of General Manager Palmer's performance. Palmer did a very good job in several important areas, mostly on the substation and transmission project. This is a huge project for Belmont Light and Jim provides a lot of oversight. There were significant elements and he handled them all well. Under Palmer's oversight, Belmont Light delivers reliable service at competitive rates. Palmer also completed the staffing at Belmont Light, updated the pay and classification system, and maintained a strong balance sheet. As for improvement, MLAB suggested focusing on explaining rate adjustments, communicating the reasons for those changes, and enhancing sensitivity toward town officials and residents.

Brown stated that historically, Palmer came in at an extraordinarily difficult time for Belmont Light and has moved the department forward tremendously at several levels, especially resurrecting a project that his predecessor all but wiped out. Palmer has been the centerpiece in moving Belmont Light ahead while under a lot of public pressure. MLAB thinks that the town of Belmont is lucky to have Palmer. Of course, there are always areas to improve on, but MLAB members are all pleased with Palmer's overall performance. Despite public criticism, he has kept the ship focused. Belmont Light's service is high-quality, the rates are reasonable, and the projects are well managed. Belmont Light has had its difficulties but has surmounted them. Palmer has been a model of stability and that has been greatly appreciated by all of MLAB.

DiOrio noted that it can't be emphasized enough that the board likely wouldn't find another general manager who can manage large capital projects so well. Palmer righted the ship on some of the project team's engineering issues, which was no small feat in a tough year.

McClain stated that she appreciates the fact that Palmer has professionalized the department. She stated that the kind of information the Board got from Markar-Limanov is a real confidence builder. Palmer should be proud of handling all the challenges so well.

Klionsky stated the contract that Palmer has says the performance review will be completed before February 1 of that year and we are well beyond February 1 now. Forrester suggested it might be worth reviewing the goals for 2015 and how they relate to sustainability.

Klionsky then discussed six goals for the department for 2015:

1. The substation project is critical. It is important to meet milestones and get the substation in service by this time next year.
2. Reliability is always a key metric for electric utilities and will be important in 2015.
3. The Belmont Light general manager should be an ambassador for the department.
4. To improve communications with town officials and town residents.
5. In an effort to get to know the Belmont Light staff better, increase staff participation at MLAB meetings.
6. Work collaboratively with town boards and committees on sustainability and comprehensive energy efficiency/demand-side management programs.

Williams said this is not related to Jim's performance, but relations with community and solar interests are important. He wants to see an updated residential solar policy in place shortly. He would work with DiOrio and Brown on a proposal. Williams also mentioned that pension liability and OPEB obligations are his main focus areas. Also, he would like to discuss eliminating the municipal rate subsidy and PILOT payments with the Light Board. Forrester noted that legislation allowed OPEB trust funds for municipal light departments in 2008. Some municipal light departments set up accounts and some are now fully funded. Jones stated that eliminating the municipal rate subsidy and PILOT may hurt the schools.

VII. FUTURE MEETINGS

MLAB will next meet on June 23, 2015.

VIII. ADJOURNMENT

The meeting was adjourned at 8:33 PM.