Mansfield Municipal Light Commission Minutes
October 1, 2014

Present: Jess Aptowitz; Chairman, Olivier Kozlowski; Vice Chairman, Frank DelVecchio; Clerk, George Dentino, William Ross; Town Manager and Gary Babin; Director - Absent: Doug Annino

1. Meeting Called To Order at 7:00 PM

Chairman Dentino called the meeting to order. Chairman Dentino reminded everyone that this meeting is being broadcast live by Mansfield Cable Access and taped for future broadcast.

2. Citizen Comments

None.

3. Review and Approve Board Minutes of August 6, 2014 Meeting

Motion: To approve Light Commission Minutes for August 6, 2014 (DelVecchio/Dentino) **PASSES 4:0**

4. Director's Report

Overview and Discussion of the Financial Results for the Period Ending August 31, 2014 - Mr. Babin reported that the department's Net Income for the first two months of the fiscal year to be $467,000, which is down from $595,000 in the prior year. Mr. Babin explained that this is important because most of the department's net income comes from the summer/winter months and oftentimes the spring and fall months will have actual losses. He went on to note that Operating Cash is $8.8 million when adjusted for the Generation Charge Payable and is down about $400,000 from 2013. Mr. Babin noted that the Generation Charge Receivable, which is money owed to electric customers, stands at $418,000 and will be returned when the next Generation Charge is calculated.

Mr. Babin noted that Energy Sales were down significantly, about 7.5% from August 2013, and felt the majority of that was due to this past summer being cooler when compared to last year. He also reminded the Commission of the loss of Smurfit Stone's load since that time. Mr. Babin went on to report that the Depreciation Fund balance is $3.7 million.

Mr. DelVecchio asked if the Depreciation Fund was at a level that Mr. Babin was comfortable with. Mr. Babin said he was and explained that it is currently being funded at $2.4 million a year and is being built up gradually to fund current and future capital needs. Mr. DelVecchio also felt that the Cash Position has replenished itself from the rebate to which Mr. Babin explained all the Net Income goes into Operating Cash and the department funds all capital improvement work from Depreciation fund. In addition, he pointed out that operating expenses were below budget last year.

Proposed Purchase of New Digger/Derrick Vehicle in FY15 Capital Budget - Mr. Babin stated that on April 28, 2014 he presented MMED's FY15 Capital Budget, which was approved in its entirety with the exception of a digger/derrick truck at the cost of $250,000. It was decided at that time to remove the vehicle from the budget and Mr. Babin would come back to the Board at a later date with further justification for the purchase.

Mr. Babin noted that in the Commission's packet there is a cover memo and vehicle maintenance history for the two existing digger/derrick vehicles. Mr. Babin said that the existing vehicles are 1999 and 2006 Sterling Pitmans and in the initial budget discussions it was believed that the 1999 vehicle would be the logical one to replace. However, in evaluating the repair history of both vehicles (1999 Vehicle = $44,502 since 2003 and 2006 Vehicle = $84,729 since 2006) it became apparent that the 2006 vehicle should be replaced due to the ongoing costs and unreliable availability.

As a result, the staff is recommending approval to purchase a new Digger/Derrick Vehicle as the primary vehicle to replace the 2006 Vehicle and to keep the 1999 Vehicle as the secondary vehicle as two digger/derricks are required by MMED. He noted the 2006 Vehicle could be used as trade-in as an offset or hold it for auction.

Mr. Dentino noted that a lot of the items listed are in fact standard maintenance.

Mr. DelVecchio asked if there are any other vehicles like this in Town and Mr. Babin stated there are not. Mr. DelVecchio then asked if both trucks should be replaced. Mr. Babin said that when the Department went into the budget process as part of its due diligence the repair costs showed that the 2006 Vehicle was not performing as well as the 1999 Vehicle. It is his hope to retain the 1999 Vehicle as a backup, as it is in good working condition, and replace the 2006 Vehicle, which will be used at the primary digger/derrick.

Mr. Ross believes that the 2006 Vehicle is a lemon and most of the problems relate to the hydraulic system, which can be costly. Mr. DelVecchio asked Mr. Ross if this was reasonable to him to which he stated yes. Mr. Babin added that regular maintenance every four months is performed on all vehicles.

Chairman Aptowitz is not questioning the need as its obvious the Town needs equipment but what he is struggling with is how much money has been put into the 2006 Vehicle.

Mr. Dentino asked how much the 2006 Vehicle would get at auction to which Mr. Babin felt around $10,000 - $20,000. Mr. Aptowitz further explained that there is a one year lead time with ordering the vehicle. Mr. Babin also mentioned that in speaking with the lineworkers they believe the 1999 vehicle to be in good operating condition and did not have an issue with that being the primary digger/derrick until such time as the new vehicle would arrive.

Mr. DelVecchio asked if this purchase would go through the Capital Improvement Committee to which Mr. Ross explained it was already approved by Capital Improvement but pulled by the Light Commission for more information.

Mr. Dentino was concerned with such a large expense given Mr. Babin's earlier report and was also concerned about the future of rates and did not want to do a disservice to the customers. Mr. Babin reported that there is nearly $4 million in the Depreciation Fund and over $9 million in Operating Cash, making the department liquid for almost $13 million. He also noted a large part of the positive feedback that MMED receives is that the department keeps the lights on during inclement weather, which is paramount to its responsibility and that preventative steps such as this vehicle replacement allow it to do those things.

Motion: To approve the purchase of the Digger/Derrick truck for $250,000 (DelVecchio/Aptowitz)

Discussion: Mr. DelVecchio wanted to ensure that the purchase would come out of Depreciation and not directly impact rates to which Mr. Babin stated it would be paid in that manner.

Mr. Kozlowski asked for clarification on the process and if it would involve an RFP to which Mr. Babin noted the department puts out a formal bid, not an RFP, which would take a few months. From there Mr. Babin expected to be able to award the bid late this year or early next year.

Mr. Dentino felt this Board to be thoughtful and generous to all departments to obtain the necessary equipment and noted the Light Department can and does earn revenue.

Motion: To approve the purchase of the Digger/Derrick truck for $250,000 (DelVecchio/Aptowitz) **PASSES 4:0**

Overview and Discussion of Progress for Copeland Road Underground Facilities Project - Mr. Babin reported that the department is currently in the process of constructing underground facilities on Maple Street from Bird Road to the Cate Springs water pumping station. The Copeland Road underground facilities will then go from Cate Springs to East Street. Mr. Babin noted there are nine easements out for customers to approve along the Copeland Road route with four received and the staff is actively working on the remaining five, although he reminded the Board that the Town does have eminent domain authority in this instance. Mr. Babin stated the route was recently reviewed with the Conservation Agent with positive feedback. The department will file its Notice of Intent with the Conservation Commission, which will be heard on October 20th. Mr. Babin stated that if all goes well there will be an Order of Conditions issued by the Conservation Commission which the department will follow and construction would be feasible. Mr. Babin reported to the Commission that one change in the construction schedule is that the portion of the route to be installed in front of the schools would occur before Copeland Road in order to accommodate the Safe Routes to School project.

Update on Status of the FY14 Audit Performed by RE Brown and Company - Mr. Babin reported that the FY14 MMED audit has been completed with the report showing a clean opinion with no Management Letter. Chairman Aptowitz noted that the Audit Committee had met earlier this evening and voted to accept the audit as there were no issues found by RE Brown and Company. Mr. Babin explained the reason for conducting the audit so early is a requirement for filing the audit with ISO New England, which must be done by October 28, 2014.

Review and Discussion of Proposed Solar Installation on Branch Street - Mr. Ross noted there is a party interested in putting a solar installation on Branch Street at the former Campo Chemical site. He noted the location has been evaluated and the Town can accept the power from that location. Mr. Ross believes the question is does the Town want to purchase the power output from the facility and felt this will need to be discussed in more detail with the Commission, the developers and their attorney. Mr. Aptowitz noted he is an abutting neighbor of that development.

Mr. Kozlowski asked when the rate to purchase power is expected to be submitted. Mr. Ross noted the developer has submitted the rate and that the Town is in the process of analyzing the proposal to see if it is advantageous for the Light Department and its customers. It was noted by Mr. Kozlowski that this would be on private land. Mr. Kozlowski asked if the property was zoned for this type of use to which Mr. Ross explained that solar installations are exempted under state law but that the site is zoned industrial.

Mr. Dentino asked where on the lot the solar installation would be located and Mr. Ross thought it was the parcel where Branch Street turns adjacent to the railroad where the Campo piece extends further back.

Mr. Kozlowski asked the Commission to think about the bike path especially since there will be a good amount of trees being removed already by the Airport Commission.

Mr. Dentino would like to see the plan for the residential portion of this proposal.

Invitation to Annual Senior Luncheon October 31, 2014 at COA - MMED will be hosting its annual safety luncheon at the Council on Aging on Friday, October 31st at 11:30 AM. Chief Neal Boldrighini from the Mansfield Fire Department will distribute 3 in 1 lights to the seniors. There will also be an electrical safety presentation by RF Gouley and Company, and an energy conservation presentation by Donna Fitch from Energy New England.

5. Comments from Commissioners

Mr. Dentino reviewed the engineering scope of work summary and noted he has not received one since October 13, 2013. Mr. Dentino asked when he could expect to see the next report. Mr. Ross answered that Mr. Dentino would receive it at the November meeting.

Mr. Kozlowski noted he has heard reports of utility rate increases this winter and asked Mr. Babin what Mansfield will be looking at. Mr. Babin noted that the cost of power for the Town, which is purchased under a different arrangement than National Grid's, should be about the same. He noted that last winter the cost of power in the fourth quarter was 10.73 cents and this year is calculated at virtually the same rate of 10.75 cents. He did note that one other factor is the collection of a Generation Charge which is reconciled every quarter. Currently that is overcollected by $425,000 and will be put back for customers as a credit, bringing the Generation Charge to 9.09 cents which is less than it has historically been.

6. Any Items Not Anticipated By the Chairman 48 Hours Prior To This Meeting

None.

7. Adjournment

Motion: To adjourn Light Commission meeting at 7:56 PM (DelVecchio/Kozlowski) **PASSES 4:0**

Signature of Clerk
/Tracey Whalen

1-21-15
Date of Approval