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**MEETING NOTES  
TOWN OF BELMONT  
MUNICIPAL LIGHT BOARD  
TOWN HALL  
SELECTMEN'S MEETING ROOM  
Monday, December 4, 2017  
5:30 P.M.**

**I. CALL TO ORDER**

*Chair Dash called to order a regular meeting of the Municipal Light Board (MLB) at 5:32 P.M.*

Present:

MLB – Chair Adam Dash, Vice Chair Mark Paolillo, Member Jim Williams

Belmont Light (BMLD) – Acting General Manager Craig Spinale, Staff Maria Makar-Limanov and Aidan Leary

Town of Belmont HR Director Jessica Porter

Chair Dash began the meeting by announcing BMLD's Winter Solstice celebration on Thursday, December 21<sup>st</sup>. The public was encouraged to attend and to bring new or gently used blankets and bedding to be donated to those in need.

**II. EXECUTIVE SESSION**

*The Board moved to go into executive session to conduct strategy sessions in preparation for negotiations with non-union personnel at 5:34 P.M. (Dash aye, Williams aye, Paolillo aye).*

**a. To discuss contract negotiations with non-union personnel**

*The Board moved to return to open session at 6:04 P.M. (Paolillo aye, Williams aye, Dash aye).*

**III. GENERAL MANAGER SEARCH PROCESS**

Dash reviewed the progress that had been made in the search for a permanent General Manager. He said that Porter put together a memorandum on the process that had been taken in looking at different firms and tools to perform the search. He said that there are three options for the Board: 1) accept a proposal from Mycroff, Fry & Prouse (MFP) for a minimum cost of \$50,000; 2) the Board, with help from others in town, could perform the search itself; 3) or the Board could decide not to perform a search at all. Dash said that there were good government reasons to do the search but there is also a large cost to ratepayers to do so.

Paolillo said he had hoped MFP would have come up with alternative since the cost of their proposal is significant. He suggested combining services from a proposal from the Edward J. Collins Center for Public Management, to assist the Town HR Department to do a search, guided

by a search committee. Dash proposed the GM search committee be made up of the Chair of the Energy Committee, the Chair of LBAC, a former member of the MLB, and a GM from another municipal light plant.

Williams said that in addition to the three options that Dash listed, there was a fourth option – to offer Spinale a one-year contract with established goals. He said this would give Spinale some light at the end of the tunnel. He continued that the risk is lower than it was during the Blair Pond Substation project. Williams said that BMLD works, the staff works and the current Acting General Manager is satisfactory. He would leave it to LBAC to set guidelines for Spinale.

Dash said that the problem with this idea was that, since Spinale had been promoted from Director of Operations, that position had not been filled. Williams said that his proposal would only work in a situation like the current one, wherein the Acting General Manager is able to do the work of General Manager. Williams asked Spinale if he would have to fill the Director of Operations position if he were to be named General Manager. Spinale responded that he would need to fill the position but he believed he could promote from within, even on an acting basis. He said there are a number of projects that require a Director of Operations to oversee.

Paolillo said that the Board has a fiduciary duty to the Town to do a GM search. He said the question would be whether the Board hired the most skilled individual it could. He suggested that is the reason to perform the search in-house with some support from an outside firm and the search committee previously mentioned.

Williams raised the issue of having an active candidate in the search process. Porter said that Spinale would be kept out of any discussion if he chose to apply for the GM position.

Paolillo suggested that Porter reach out to the Collins Center regarding the search. He said the Board should appoint the search committee during its next meeting.

Williams said that he thought Paolillo's proposal was ok. He said it would be important for one of the MLB members to be on the search committee because people who are not selectmen don't understand the job. He said that it should be a current member of the MLB, not a former member. The Board agreed that the MLB Chair or his designee would be on the search committee.

Paolillo suggested that a deadline of the end of the first quarter of 2018 be set. Porter confirmed that it would be a realistic timeline.

The Board discussed Spinale's current position as Acting General Manager. Porter said that Spinale and the Town signed a letter of agreement that ends on December 31, 2017. She said that the compensation and terms of that letter would be revisited after that date.

#### **IV. FINANCIALS**

Dash turned to several financial documents provided by BMLD. He said that BMLD works on a calendar year basis, whereas the Town works on a fiscal year, so it was necessary to review BMLD's documents before the new year.

Williams asked about the five-year budget. Spinale said that this was the final year of that plan, so 2018 would begin an updated five-year budget.

##### **a. 2017 Q3 Financials**

Makar-Limanov, Finance Manager for BMLD, reviewed a memorandum (see below) on the financials for the third quarter of 2017, which she said were stable. Revenue increased by 2% due to BMLD performing billing services for water and sewer. Purchased power expenses decreased by 2% due to a decrease in costs for power. Distribution expenses decreased by 6% due to the different allocation of labor costs with construction work done for the Blair Pond Substation Project. Customer collection costs increased by 18% due an increase in demand side management (DSM) projects and a change in the accounting of the billing module maintenance costs. General and administrative costs increased by 17% due to various factors.

Williams said the rate base includes the arc for the pension fund, which is being collected but not paid to the pension fund. Dash said that the money collected is collected in the operating fund. Makar-Limanov confirmed that OPEB accrual numbers are based on the actuarial figures sent by the Town Treasurer.

Makar-Limanov said that for the past few years, she has been making sure that expenses are booked properly. She said this was a reason that there can be differences here and there. Williams commended the net \$91,000 difference as good management. Makar-Limanov said there should be nothing unexpected in the yearly financials.

##### **b. Request for approval of transfers**

Makar-Limanov said there are certain reserves included as part of the BMLD budget. BMLD was requesting the Board's approval to transfer \$300,000 into the rate stabilization fund, \$400,000 into the construction depreciation fund, and PILOT payment of \$650,000. She said there are certain goals based on industry standards to determine the amount of the transfers. For the depreciation fund, the goal is 15% of the gross plant value. For the rate stabilization fund, the goal is three months of power purchases.

Dash said that the reason for the depreciation fund was to fund the decommissioning project for the three existing substations. Makar-Limanov agreed and said the goal is to avoid any additional borrowing and to use internal sources for that project.

##### **i. Rate stabilization fund**

*Paolillo moved to transfer \$300,000 from operations to rate stabilization fund. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).*

**ii. Capital construction fund**

*Paolillo moved to transfer \$400,000 from operation to capital construct depreciation fund. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).*

**iii. Annual PILOT payment**

*Paolillo moved to transfer \$650,000 from operations to the Town of Belmont as payment in lieu of taxes (PILOT). Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).*

**c. 2018 Budget**

Makar-Limanov said that the budget was based on the five-year budget created in 2013 and will be updated after the cost of service study over the next few months. After that, a five-year budget will be produced. She said there were no surprises in the budget and it was business as usual.

Williams asked if employee benefit funding was in the budget. Makar-Limanov said it was not included for 2018 but that it would be part of the cost of service study.

**d. Purchased Power and Transmission Adjustment**

Makar-Limanov said that she did an initial review of the Purchased Power and Transmission Adjustment (PPTA) in September, followed by a true-up on November 1<sup>st</sup>. She said that true-up showed that BMLD had over collected from its customers by approximately \$250,000 for the year. She said due to a glitch, instead of paying that amount back to customers as a credit rate, the rate was applied as a collection rate.

Makar-Limanov discussed the mechanisms for calculating the PPTA. She said that she does a projection for the year ahead. Paolillo asked whether there is regulation on the system. Makar-Limanov responded that there is a tariff. Makar-Limanov said that the amount over collected would be applied back as a credit rate on electric bills for the month of December.

Paolillo asked whether the over collected amount could be transferred to the rate stabilization fund. He said that there could be an emergency in the next year that would make the rate stabilization fund necessary. Spinale said that he liked the idea because applying back the amount that each customer used would be impossible from one month to the next.

*Paolillo moved to transfer to an extent identified by Belmont Light the amount over collected under the Purchased Power and Transmission Adjustment to the rate stabilization fund. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).*

**V. GENERAL MANAGER'S REPORT**

**a. Cost of Service Study**

Spinale reported that BMLD has entered into a Cost of Service Study with Utility Financial Services. He said there had always been discussion that after the completion of the Blair Pond Substation project, BMLD would look at its rates. Paolillo asked if BMLD had been working with LBAC on the Cost of Service Study. Spinale said yes, that LBAC had vetted the proposal. Dash applauded the collaboration.

**b. Power Contract Purchase**

Spinale said at the last LBAC meeting, BMLD's power supply wholesaler, Energy New England, gave a presentation on BMLD's power portfolio. He said for the year 2018, BMLD was light on hedged power, specifically at 60% for the year. As a result, BMLD purchased approximately three megawatts of grid power to fill the gap. Spinale said that this was only to cover the upcoming year.

**c. Renewable Energy Certificates (RECs)**

Spinale reported that BMLD had chosen to retire all of its Renewable Energy Certificates (RECs) for the second quarter of 2017. Paolillo asked about establishing a pathway to meet the Town's Climate Action Plan goals. Dash said that topic would be discussed during the next meeting.

**VI. APPROVAL OF MINUTES**

**a. Executive session minutes dated 7/31/17**

*Williams moved to approve the executive session minutes dated July 31, 2017. Paolillo seconded the motion and the motion was approved with a vote of all in favor (3-0).*

**b. Regular session minutes dated 10/16/17**

*Paolillo moved to approve the regular session minutes dated October 16, 2017. Williams seconded the motion and the motion was approved with a vote of all in favor (3-0).*

**VII. FUTURE MEETINGS**

The upcoming meetings of the Light Board, all to begin at 5:30 P.M., were stated as follows:

- December 18, 2017
- January 22, 2018
- February 26, 2018
- March 12, 2018
- April 23, 2018
- May 21, 2018
- June 18, 2018

**VIII. ADJOURNMENT**

*Board moved to adjourn at 7:00 P.M.*