

**MINUTES OF THE
MUNICIPAL LIGHT BOARD MEETING
FEBRUARY 15, 2017**

PURSUANT TO notice given, the Merrimac Municipal Light Board (“Board”) met in the Municipal Light Department’s (“MLD” or “Department”) Administration Building, 10 W Main Street, at 3:30PM.

PRESENT

Those present included Commissioners Norman Denault, Larry Fisher and Paula Hamel, MLD’s General Manager Francisco Frias, and Office Manager Julie Hart. Also attending were Line Foreman Ken Buzzell and two representatives from Bartholmew & Company, Doris Huard and Brian Jamros.

MEETING START

Motion was made and accepted to bring the meeting to order at 3:35 PM.

APPROVAL OF MINUTES

Commissioners voted 3-0 to accept the January 10, 2017 Minutes as written.

GENERAL MANAGER’S ITEMS

New Bucket Truck and Truck #3 Replacement:

Line Foreman Ken Buzzell came to this meeting to give the Board an update on the new bucket truck and quotes received for the purchase of a much needed pickup truck.

Ken went to the pre-paint inspection last week to check out the new bucket truck and to make sure some equipment, on the new truck, was placed where the crew needs it. Ken informed the Board that this new truck is very similar to the newest bucket truck the Department has with the exception of new safety features and minor changes to make it a more useful truck. The truck will be ready within a month.

Truck 3, the MLD pickup, is having engine problems that can be repaired, but the problem will keep reoccurring. The 14 year old truck needs to be replaced instead of throwing money into repairs. Ken’s opinion on buying a gas or diesel pickup truck is to stick with a diesel because they need the extra power when pulling wire and towing heavy trailers. Manager acquired two quotes for the diesel truck from the companies currently holding State contracts. MHQ Truck Equipment quoted \$52,000 for a Ford pickup and Liberty Chevrolet gave a price of \$54,000 for a Chevy pickup. The Ford quote is good through April. Ken tried to get quotes from local car dealerships, but was not successful getting any response to compete with the State quotes. Ken was asked if the tool boxes on the old truck could be reused on the new one. He informed the Board that the toolboxes are old and have leaks so that would not be a good idea.

Board voted 3-0 to accept the quote of \$52,000 from MHQ Equipment for a Ford diesel pick-up truck and to sell the old Truck 3.

The General Manager (“Manager”) noted that the digger truck is 20 years old, but so far is still working fine. It is inspected once a year and has had no big problems. The Department will need to include the cost replacement of this truck in the Capital Plan for the near future.

Bartholomew & Company:

Two representatives from Bartholomew & Company, Doris Huard and Brian Jamros came to this meeting to give the Board an overview of the investment services their company has to offer. Bartholomew & Company offers three options for investing a portion of the Light Department’s Depreciation funds that is currently earning very little interest at the North Shore Bank. Based on a desired conservative investment, the options provided were:

- 1) 100% Fixed Income (Typically Bonds and CD’s)
- 2) 20% Legal List Equity (Safe Stock purchases, Bonds and CD’s)
- 3) 10% Legal List Equity (Safe Stock purchases, Bonds and CD’s)

If the Department needed these funds quickly to cover an emergency, any one of these options could be liquidated in three days. A flat fee will be assessed on the total market value of the account. Because the Light Department and the Town’s OPEB investment account are all considered one account, by doing this investment with Bartholomew, the Town will benefit by having a lower management fee for all Town investments with Bartholomew.

Board voted 3-0 to leave \$500,000 in the North Shore Bank’s Depreciation account and \$300,000 to cover the expenses of the new bucket truck and pickup truck. All other cash currently in the Light Department’s Depreciation account at the North Shore Bank will be invested with Bartholomew & Company.

Financial Information:

Manager reviewed the forecasted versus the actual financial results for the month of December, 2016. The Department saw a total Net Loss in Income of (\$87,591). The Year to Date Net Income for 2016 is \$589,086. Included in the Financial Information portion of the Board package was the Comparative Operating Statement for the previous year and the current year. Also enclosed was the spreadsheet for December’s ending balances.

5-year Financial Forecast:

Manager presented the Five Year Financial Forecast, which shows a picture of the projected financial status of the MLD from 2017 through 2021. Manager started by discussing the forecasted KWH for the mentioned years followed by the forecasted revenue. The 2017 Operation Revenue, expected to decrease by about 9%, is forecasted at \$4,948,683.92. Increases of 0.11% to 0.15% have been forecasted from 2018 through 2021.

The Operating Expense Forecast was discussed and expected to go from \$4,382,756.38, in 2016, to \$5,086,350.53 in 2017. A 2% increase in operating expenses is expected for 2018 and some relief for 2019 through 2021.

The Projected Net Income indicates the MLD’s Total Non-Operating Revenue, at \$570,262.46 in the budget year, will be down by (-\$137,666.61) in 2017 and by (-\$237,432.98) in 2018. Losses are also expected for 2019; however small revenue is expected for 2020 and 2021. The Department has been building up our cash account so that it can hold off on rate increases. Manager noted that the Department was able to avoid an increase in 2016 and hope to do the same in 2017.

Manager indicated that he will continue updating this Forecast as actual information becomes available. Based on the annual updates, the Department will be able to determine when and if a rate adjustment is necessary.

BF Energy Master Power Purchase Agreement:

Manager received an email from Energy New England suggesting the Department joins a number of Light departments in signing a Master Power Purchase Agreement with BP Energy. All the municipalities will split the legal costs of securing the agreement and the Department will have another power supplier set up for when it goes out to purchase energy.

In Lieu of Tax Payment: The Commissioners voted 3-0 to a Payment in Lieu of Taxes (“PILOT”) of \$10,085.48 in cash and the cost of Street Lighting for 2016, which was \$23,540.44. The total PILOT for this 2017 will total \$33,625.92. The calculation method used to determine the cash amount was 1/10% of the previous year’s KWH sales minus the Street Lighting cost for 2016 or a cash payment of no less than \$10,000.00, whichever was greater. Manager will send a letter to the Finance Director Carol MacLeod informing her of the 2017 PILOT.

Haverhill Streetlight Maintenance:

The Manager is looking into doing the streetlight maintenance for the City of Haverhill if they come to an agreement with National Grid to purchase the streetlights. Line Foreman Ken Buzzell was the one who informed the Manager about this opportunity and from there the Manager has been in touch with the City of Haverhill. Other Light Departments are already doing the maintenance for surrounding towns including Wellesley Municipal Light, who has been doing this for a number of years. Manager is investigating and doing some research to provide the City of Haverhill a proposal. Manager will keep Board updated on any developments.

General Manager’s 2017 Objectives:

- 1) **System Study:** Coordinate access to Easy Power software and perform Short Circuit, Coordination Study, Arc Flash Analysis and Load Flow Study on Distribution system.
- 2) **Comcast Pole Attachment Review:** Review agreement with Comcast to determine if the Department should be looking to revise the 2002 agreement with updated fees and requirements.
- 3) **City of Haverhill Streetlight Maintenance:** Haverhill is in the process of acquiring the city’s streetlights from National Grid and may be interested in having the Merrimac Light Dept. maintain these lights. Manager will determine if this would be a feasible project to undertake.
- 4) **Permanent and Temporary Generator Installation:** The Light Department has a Memorandum of Understanding (MOU) with Tangent Energy for an engineering and cost benefit analysis for the installation of a 1 to 2 MW generator at the Mill Street Substation. Manager will work with Tangent on the review and installation of either unit depending on the Board’s decision.
- 5) **Net Metering Policy – DPU Filing:** Net Metering Policy should be revised and submitted to the DPU.
- 6) **2017 DPU Report:** Complete the 2017 DPU Report and submit to DPU.
- 7) **5 Year Financial Forecast & Capital Plan:** Continue to update the 5-Year Financial Forecast and Capital Plan as new information comes in.

8) **DOER Streetlight Grant Replacement Program:** Manager will work with the project administrator from Energy New England and the DOER to complete the conversion of all town streetlights to LED's. A State Grant will cover 50% of the cost of the lights, but the Light Department will have deadlines and requirements to meet.

General Manager's 2016 Objectives:

The Manager updated the Board on the 11 objectives from 2016.

- 1) **Billing and Accounting System Review:** *Completed*
- 2) **Transmission & Capacity Awareness:** *Completed*
- 3) **Crisis Communication Plan:** *Ongoing*
- 4) **Bucket Truck Replacement:** *Completed*
- 5) **DPU Rate Schedule Filing:** *Completed and approved.*
- 6) **2015 DPU Report:** *Completed.* Manager submitted the 2015 report to the DPU.
- 7) **5-Year Financial Forecast & Capital Planning:** *Completed*
- 8) **MMLD Team Building:** *Completed*
- 9) **Clerk Position Filling and Pay Step Implementation:** *Completed*
- 10) **Department Policy Review:** *Completed*
- 11) **Facilitate Implementation of negotiated Items:** *Completed*

Old Sign: Commissioners want to keep the old sign that was in front of the Light Department's office as it is a piece of Merrimac's history.

Paul Kelley: Paul Kelley approached Commissioner Denault and asked if the Light Department would be interested in getting into the Cable business. Board will discuss this at the next meeting.

Snow Storm Cleanup: Manager informed the Board that the DPW crew opens up the Light Garage parking lot during a storm with one lane so that our crew can get to our pickup truck and clean up the rest of the parking area. The Line crew plows our substation.

Executive Session: M.G.L. c. 30A, §21 (a) 2: Board voted to go into Executive Session at 6:31PM to discuss issues pertaining to employees and contract. Board voted to come out of executive session at 6:44PM and voted to adjourn the public meeting at 6:45PM.

Light Commissioners