

Electric Light Department

Town of South Hadley

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SOUTH HADLEY ELECTRIC LIGHT BOARD MEETING
January 21, 2016, at 6 P.M.

Present:

Anne Awad, Chair, Municipal Light Board
Dan Whitford, Vice Chair, Municipal Light Board
Kurt Schenker, Clerk, Municipal Light Board
Michael Conchieri, Financial Manager, SHELd

Public Comment:

There were no comments or concerns presented by the public.

Business/Financial Report:

Mr. Conchieri provided an update on the financial condition for SHELd. Our sale of electricity was down by about three quarters of a million dollars through the 11 months of the fiscal year, ending on 11/30. This coincides with an increase of about 1.2 million kilowatt hours in sales. This means that we sold more kilowatt hours at a lower price to the ratepayers. We are showing a profit of approximately \$150,000.

Annual Bid Awards:

Ms. Awad noted that annual bid awards is a compliance requirement. We have to bid certain categories of goods and services when they exceed a certain amount. Ms. Awad called for motions to approve various groups of goods and services.

Mr. Schenker moved and Mr. Whitford seconded to approve the purchase of SHELd's line material requirements for 2016 to the lowest bidder for each individual. In discussion, Mr. Whitford noted that we have a very well developed schedule of equipment that's to be purchased. It indicates who bid, what their bids were, what the final selection is, the quantities, and the individual item description. The schedule is attached to the meeting materials. The motion passed by unanimous vote.

Mr. Whitford moved and Mr. Schenker seconded to approve the purchase of SHELd's meter requirements for 2016 to the lowest bidder for each individual item, based on economic analysis.

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This category includes meters, associated items with those meters, different styles of meters, connections, etc. The vote was called and the motion passed unanimously.

Mr. Whitford moved and Mr. Schenker seconded to approve the purchase of SHELD's transformer requirements for 2016 to the lowest bidder for each individual item, based on economic analysis. The motion passed unanimously.

Mr. Whitford moved and Mr. Schenker seconded to approve the purchase of SHELD's wire and cable requirements for 2016 to the lowest bidder for each individual item, based on economic analysis. The motion passed unanimously.

Chair's Report:

First in the report is an update on the plans to build a new facility for the Department.

Before this meeting, Mr. Dubreuil spoke with every resident of the surrounding neighborhoods, and there's overwhelming opposition to the Old Lyman Road site. He noted speaking to Town employees who live in the neighborhood who expressed fear for their jobs if they spoke out against the project. Other residents spoke of fear of retribution if they were public in their opposition to the project. He stated that the Board was not making a decision for a publicly traded utility or multinational corporation. You're making a decision for a small town municipal utility, with a responsibility to those of us before you this evening. We ask that you act not only in your own self-interest, and that you not turn your backs on us, but that you seek a more appropriate, more reasonable, more responsible and potentially more cost effect site for SHELD's new facility. Mr. Dubreuil asked that we seek alternative sites and to conduct a public process of bids. Mr. Dubreuil presented the Board with a petition to this effect.

Taylor Brockway. I've noted that the property was purchased to use a secondary feed off of the high line that runs across Old

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Lyman Road instead of just the one feed we have ground through Pine Shed substation which would protect the Town in a natural disaster.

Dominic Angelini introduced himself as a the property manager for the Gaylord properties. He has presented to the Board in the past and have requested that the Board submit a Request for Proposal for the Gaylord properties because I believe that there's a couple of alternatives, if reviewed and looked at, that could be presented to the Board and would be a good alternative to the Old Lyman Street properties.

With the Request for Proposal (RFP) process, he works with the property owners all the time, Lakestar Properties, and they're very anxious to receive the Request for Proposals, and that we would then entertain our architects to look at the proposal, consider a couple of alternatives, and then come back and present them to the Board. Mr. Angelini requested that the Board issue an RFP.

Al Lafleur, Old Lyman Road resident asked if there was a sketch or layout of the proposed building and location on the lot. There is information about the building and location on the SHELD website. The Board described the location of the building as towards Route 33, with Eagle Drive, the high tension line, and then the SHELD building.

Elaine Lafrancois, Old Lyman Road, noted her main concern was that traffic on the street is horrendous, and she believes another industry would just make it worse.

Chuck Morkin, Eagle Drive, inquired whether existing houses in the area would be demolished for the SHELD project. He was assured that there were no such plans.

Another resident stated that dump expansion interfered with the quality of life in that area already, and it wasn't part of the package when people built their homes in that area, but they had to deal with it. She noted that if this project happens,

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construction heavy equipment and trucks and noise will follow.

Sandra Zieminski, 50 Lyman Terrace. She noted concern with the quality of life. The design is very pretty looking out onto Old Lyman Road, but things will be set back, and in setting those garages back, they will be abutting the houses and the backyards on Lyman Terrace. In the early morning, Ms. Zieminski noted that she would be hearing the ping-ping-ping of the trucks backing up and it will be intrusive. Ms. Zieminski also noted the costs of the project. She asked how do you acquire \$10 million dollars in an account when residents of the Town were not aware that their electric payments were diverted to a construction account? She is also concerned about the Department itself. There are many issues that will affect a construction project. The lawsuit is another major cost and she has read in the papers that there is no insurance to cover the costs of fighting or settling the suit. Ms. Zieminski suggested slowing down to assess all the initiatives (solar, fiber optics, the lawsuit, the building project) before committing the Town and ratepayers to this project.

Ms. Awad addressed the common belief that there is an account to fund the building project. Although, during last year's campaign, there were statements by previous Board members that a kitty existed with money in it, this is a new Board. We have learned that there is no account that we know of that has money in it for the building. The money would be borrowed, and MMWEC, Mass Municipal Wholesale Electricity Company, of which we're a member, provides low interest loans to member municipal utility companies. A loan from MMWEC would be the source of funding for the project. That's just to clarify it so people know what we know about how to pay for this.

Mr. Schenker asked that Mr. Conchieri describe the MMWEC accounts and Town SHELLED accounts. Ms. Awad noted that, if you are a member of MMWEC, there is a state requirement that a certain level, based on your annual revenues from electricity sales, be held in an MMWEC account in case a source that you've contracted with just fails or has some issue and cannot deliver

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what we expected, so that we can be nimble and quickly purchase other power.

So, if you look at accounts in MMWEC, there are several accounts with many millions in them. It's tempting to look at all those millions, but they are not legally available to use for a building project. Mr. Conchieri noted that we have a depreciation fund of \$4-5 million with the Town, which is there for the replacement of our property, plant, or equipment, and could be used to help fund the building.

Joanna Brown, 25 Charon Terrace, noted that there are a couple of other points that have not been raised. One is the light pollution that will accrue to the neighborhood and I think that light pollution is definitely a quality of life issue when you can no longer see the night sky because of high intensity lights that are on for safety/security reasons in such a complex.

To other planning issues, currently SHELD's location serves the residents of South Hadley Falls very well. In light of the approval of a 43B overlay district in South Hadley Falls, which will be encouraging mixed use development, Ms. Brown feels that the removal of the SHELD building to an area outside of the Falls will diminish its attractiveness as a center for future commerce and mixed building environments.

There has also been discussion at the Planning Board about the desire to have a more pedestrian friendly civic center in the area of the Big Y plaza. There has actually been discussion among our citizens as to the inappropriate placement of the Department of Public Works there, and whether that in itself ought to be moved in order to provide a more residential, pedestrian friendly and attractive small business nexus in that area. This proposed development would be moving in exactly the opposite direction.

Tasha Bara, 81 Lyman Terrace. Ms. Bara feels that this is an intrusive and industrial intrusion into her backyards. There is heavy traffic and noise pollution in our neighborhood already

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and this project will worsen the conditions. Ms. Bara viewed the plans at the Know Your Town meeting and she feels the acre buffer in the back is not adequate, considering you'll have 10 garage bays facing their back yards with big trucks and activity.

Suzanne Cordes. Ms. Cordes asked if MMWEC had done a study on the proposed site. No studies have been done by MMWEC to date. If they consider us for funding the project, they might do a site assessment as part of the funding decision. Ms. Cordes noted that it was public understanding that the money for the project existed in an account and she heard this from a candidate for the Board in last year's Town Election and from the Manager at a public meeting. The Board reiterated that there is no building account for the project. The project would be funded by our discretionary funds, held by the Town, and by a loan from MMWEC.

Ms. Cordes asked about existing permits for the project. One Board member held that the permits are in place until 2017. Tony Judge, Redevelopment Authority, noted that the building permits do not exist. The application was made, but there was no payment for those building permits, therefore there is no expiration issue. Mr. Whitford noted that the only permits in place are from the Conservation Commission, relating to wetlands on the property and that those expire in 2017.

Mr. Conchieri shared that, in regard to the building permit, he understood that the Town would charge SHELDT \$100,000 for the building permit, and that we have not applied for it or paid for it. What we have in place are environmental permits and approvals that will expire in early 2017.

The discussion was helpful. It brought forward information and will be part of our public discussion in the community about this. A vote was not scheduled as we have not completed our review to this point. This is an interim update report, and the Board stated that residents would receive updates. Residents with questions or concerns can call the Department or you can

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call me or any Board member.

The Chair noted that this discussion was specifically not an agenda item unto itself. It was part of the Chair's Report. It will be on a future agenda called Building Project when we're ready to conclude the reviews, make motions, and make a final decision.

Mr. Schenker stated that he did ask for the building project to be on the agenda. He noted that he had learned recently that the \$10 million that he thought had been set aside was not there. Mr. Schenker does not believe the project will affect anybody's real estate values. He has the substation in his backyard, and it certainly doesn't affect my tax bill which has just jumped another \$800 per year. To the concerns of traffic, SHEL D owns roughly a dozen trucks, four of which are larger and the rest are just normal cars. I don't think it requires much traffic these days. You can pay your bills at the bank or online. Most people do. Mr. Schenker stated that very few people come down to the SHEL D building other than to complain. Mr. Schenker would certainly encourage, when we do have it on the agenda, and we can put the plan out there, that we take more suggestions from the people. Maybe there's things we can do to make it better. Regardless of where it goes, we're going to have to buffer it somehow and make it appropriate for all those affected because it's not just going to be your neighborhood, it's going to be in somebody's neighborhood. So this will happen no matter where it goes. Mr. Schenker would rather work with you and do the best we can to make it the best thing going. As far as the noise, there's 7:00 to 3:00 hours. As you've all said, you hear the noise from the state yard, you hear from the noise from Big Y.

Mr. Schenker is willing to listen. His email will go into the press.

Continuing Chair Report:

The Chair updated people on the fact that the Manager of the

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Department remains on administrative leave as we continue to review various legal challenges to the Department. That's the status report for that tonight.

The fiber optics has interested a lot of people in the community. Mr. Whitford noted that a working group convened to review the technical and financial aspects of fiber optics. The working group has completed their work, endorsed proceeding, and reported to the Board at the last meeting.

The report endorsed continuing fiber optic development, and working with the Axia company to install fiber in the town. We have recently engaged with Axia to confirm that we're still moving ahead. In response they are finishing the final plans, and upon receipt of the final plans, we can then do cost estimations to see what SHELDT will recover on installation and services. It makes this a good business deal.

We do not have any details about the cost tradeoffs at this point, but we're not going to commit to a project where we're going to take a bath. We really want this to happen. We understand the value of fiber for South Hadley, commercial and residential, and we are working with Axia. We will meet with their leadership at the end of February, and update the project at that time.

There are legal constraints. The Department of Public Utilities in Massachusetts does not allow a municipal electric company to spend revenues received from electricity on anything but delivery of electricity. That's actually a good thing. But we need to be cautious in how we review the next steps and how we make sure that we're legally justifying any expenditures to implement fiber.

Once fiber is implemented, it would produce revenue. So how we find the capital to invest to get that income remains something that we have to explore, and make sure that we're in compliance with rules and regulations from the state.

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Deposits:

Mr. Perron asked to be recognized. He was told that deposits were to be on the agenda. He has tenants in studio apartments who find the deposits are hardships. He asked if a deposit could be waived for a new tenant. Mr. Conchieri volunteered to talk with him to explore options.

Correspondence:

We received a letter on our Safety Program, a thank you from the Council on Aging for a presentation on electrical safety for seniors.

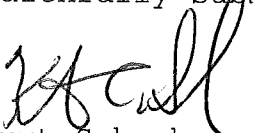
Adjourn:

Mr. Schenker moved and Mr. Whitford seconded a motion to adjourn.

Next Meeting:

Wednesday, February 17, 2016.

Faithfully submitted,



Kurt Schenker, Clerk