

Electric Light Department

Town of South Hadley

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**SOUTH HADLEY ELECTRIC LIGHT DEPARTMENT
BOARD OF COMMISSIONERS MEETING
SELECTBOARD MEETING ROOM, TOWN HALL
JUNE 22, 2017 AT 6:30 P.M.**

Present for Board: Chair Greg Dubreuil, Vice Chair Vern Blodgett, Clerk Anne Awad, John Hine, Kurt Schenker (arrived 6:31)

Also Present for Staff: Sean Fitzgerald, Manager and Michael Conchieri, Financial Manager, Kim Mendoza, Administrative Assistant

Call To Order:

Mr. Dubreuil called the meeting to order at 6:30 PM.

Public Comment

Mr. John Howard thanked Mr. Fitzgerald for the addition of the heat pump rebates to the website. He also asked about an incentive program for electric car plug in stations. Mr. Fitzgerald said he would discuss an electric vehicle offer in the New Business section later in the meeting.

Minutes Approval – 5/25/17 Open Session

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously
VOTED: To approve the minutes of the May 25, 2017 Open Session meeting.

Minutes Approval – 5/25/17 Executive Session

In discussion, Ms. Awad noted that the title of Chair was next to her name and needed to be removed.

On a motion made by Mr. Hine and seconded by Mr. Blodgett, it was unanimously
VOTED: To approve the minutes of the Executive Session of Thursday, May 25, 2017 as amended, and not to release at this time.

Manager's Report

Outages:

There were five electrical outages in the past month. Three were due to animal contact and affected 60 customers for less than an hour each time. The other two were due to lightning on June 19th and affected 42 customers for about one hour.

Sponsorships:

Mr. Fitzgerald recently spoke with Chair Dubreuil about several requests he had received for sponsorship of Town events. After researching the topic, they decided to sponsor three Town events. It is within the Mass GL laws to sponsor community events if SHELd receives sponsorship promotional opportunity from the event. SHELd will sponsor the July 3rd Fireworks for \$2500. A banner, with the new logo, will also be displayed. SHELd will also sponsor the Falls Fest for \$1000 and will supply the food for Big Rig Day, plus display trucks. The expense for the food will be less than \$500. Mr. Fitzgerald said he felt that we would reach many people for not a lot of money.

There was a discussion that followed this information.

Mr. Dubreuil stated that since Mr. Fitzgerald needed a quick answer for the Fireworks, he did additional research and approved the sponsorship. He spoke with the auditors, Baker Tilly, and with the audit firm for Westfield and Chicopee, and with Jim Lavelle. It was a consensus that sponsorships within the community were acceptable for community good will and to promote the department.

Mr. Hine asked which account the money would come from for the sponsorships. Mr. Fitzgerald indicated that in the future a marketing account would be funded and it would come out of an advertising budget.

Ms. Awad would like to see a line item indicating the amount spent this year and would like to see a cap set and the requests monitored. She would also like to know which audience groups benefited from each of the sponsored events.

Mr. Schenker mentioned that we need to think about the Holiday Stroll, as they usually request sponsorship too.

Mr. Fitzgerald told the Board that a new SHELd banner, with the new logo, was now hanging in front of the high school and will be moved over to the middle school for the July 3rd Fireworks.

Tablets:

The Board now has tablets they can use to review meeting documents. This will reduce the need for copying documents for meetings, making meeting preparation more efficient. It also cuts down on the use of paper files during and after the meetings. Mr. Fitzgerald said he is committed to streamlining and modernizing the business.

Thank You:

Mr. Fitzgerald received thank you letters from the Principals of the Plains and Mosier schools. They feel the SHELd safety program, delivered by Ray Gouley and the SHELd Linemen, is of great value to the children.

SH/G Chamber of Commerce:

Mr. Fitzgerald, along with Commissioners Blodgett and Hine attended the Chamber breakfast on June 16th. They heard State Senator Stan Rosenberg and Representative John Scibak speak about things that are impacting Massachusetts, like the State budget shortfalls.

Mr. Blodgett mentioned that Representative Solomon Goldstein-Rose talked about his vision of the potential for Western Massachusetts to become a research development manufacturing hub for storage of power generated by sustainable means. There was interest in finding ways that academic institutions and businesses could partner to help the planet, industry, jobs and the economy. Mr. Fitzgerald mentioned that SHELd is looking into battery storage.

Budget Approval:

Mr. Dubreuil spoke to the fact that although an Interim Financial Report was presented last month, the Board hadn't approved a 2017 Budget yet. Mr. Fitzgerald had sent a budget proposal to the Board. He asked them to review page two, which shows Unfinanced Capital Expenses. It shows the street light changeover to LEDs; which will be a great savings for the Town. The General Plant and Office Equipment line includes new desks for the office and new doors which can be badged for security. The Information Technology line includes new computers for new employees. It also lists the new website, vehicles and work on the fiber system including a fiber audit. The audit will give us a complete understanding of our fiber capabilities and the potential for a design going forward.

Mr. Hine asked what is meant by Unfinanced Capital Expenses. Mr. Conchieri said we would not need to borrow for these expenses; they will be paid for out of the depreciation fund.

Mr. Blodgett inquired whether the Town electricity bill, as a result of the new LED street lights that SHELd will be installing, would be lower than the bill for the current street lights. Mr. Fitzgerald indicated that statement was correct. The lights are more efficient and will result in a lower bill for the Town. Mr. Conchieri explained that SHELd will pay for the lights up front and recoup the capital costs from the Town. Once the lights are paid for then the bill will go down even further.

Mr. Fitzgerald further explained that he would be delivering a Strategic Plan over the next few months, which will have long-term initiatives, addressing a new billing system, new meters, new technology and a new building. All of these will impact the budget going forward. He and Mr. Conchieri are in the process of working on rate structure recommendations also.

On a motion made by Mr. Schenker and seconded by Mr. Hine. It was unanimously
VOTED: To approve the budget as presented.

Financial Summary:

Mr. Conchieri reviewed the Financial Report as of April 2017. 2017 revenues dropped slightly less than \$200,000 under 2016. The cost of power went to \$2.8 million in 2017 from \$3.6 million in 2016, dropping \$750,000. The net revenue, after the cost of power, has increased by \$600,000. This represents an increase from 24% of sales in 2016 to 38% of sales in 2017. Kilowatt hour sales increased by 3%, our kWh purchased were 1/2 % lower. For all other operating expenses, payroll was \$385,000 in 2016 compared to \$434,000 in 2017. The difference is due to part of the adjustment made at the end of 2016 to accrued compensated absences. Supplies and Expenses are running \$70,000 above last year mostly due to benefits.

Customer Deposits:

Mr. Fitzgerald referred the Board to an analysis he did after reviewing the policy the Board had set to reduce unpaid balances from rental property accounts. Mr. Dubreuil had wanted to know how much SHELd pays out when a customer closes his account. The amount was found to be approximately 73% of deposits that are being refunded to the customers. The deposits, at \$300 for non-electric heat and \$600 for electric heat rentals, are estimates of three months' electricity usage.

Last month, Mr. Fitzgerald had suggested reducing the \$600 deposit, but in reviewing the figures he has come to appreciate that the deposits have greatly reduced outstanding unpaid balances.

He knows he needs to protect all the ratepayers from the unpaid debt but still thinks we could possibly reduce the deposits slightly.

Mr. Dubreuil asked whether there were landlord complaints because the deposits were impacting occupancy. Mr. Conchieri answered that initially the landlords were not happy about the increase in the deposits but we took the time to explain the reasoning and have not had complaints recently.

Ms. Awad mentioned a specific landlord, with studio apartments, who was concerned because the studio apartment electricity bills were not that high. Last year the acting managers worked to adjust those deposits. Ms. Awad asked if Mr. Fitzgerald would be willing to continue to look at deposits on an individual basis, by looking at consumption, and to possibly make adjustments. Mr. Fitzgerald stated that, going forward, the policy should remain in effect but he is willing to review individual cases by looking into the consumption of a unit and using the \$600 figure as a cap, even if the apartment's electricity usage is higher.

Mr. Dubreuil would like any exception to the policy to be made based on consumption so that arbitrary numbers are not used and there would not be any discrimination. Mr. Fitzgerald agreed and then gave credit to Mr. Byrne and Mr. Conchieri for gathering all the customer deposit data.

Warrant Authority:

Mr. Fitzgerald read a previously written statement regarding the signing of the warrant which is the process used for payment of SHELD's invoices. It stated that the Manager could approve and authorize all warrants and payrolls that do not include payments to the GM (except for normal payrolls). Any other warrants that include payments to the GM must have at least one Board member approval signature. Mr. Fitzgerald also stated that if the Board would like to continue to sign each warrant that would be fine too.

Mr. Dubreuil brought up the fact that, when there was not a Manager in place, an interim policy was used by the Board members for signing the warrant and that this should be reviewed. After much discussion about different scenarios, Mr. Fitzgerald stated he would add some language to the previous statement, addressing the various concerns, and bring it back before the Board.

August Cookout:

Ms. Awad made a suggestion that the Board sponsor an employee appreciation cookout for SHELD employees as a thank you for all their hard work. The Board would contribute and cook the food. The employees would then have early release after the cookout, with the Manager's approval. Mr. Fitzgerald and the other Board members agreed it was a good idea and would look at dates in August.

New Business:

MMWEC is sponsoring and managing an electric vehicle one-time incentive offer on the purchase of a Nissan Leaf, now through September 30, 2017. All South Hadley ratepayers can save \$10k off the MSRP of a Nissan Leaf and SHELD will supply, free of charge (\$650 value), a Level 2 residential electric vehicle charger for those who sign on to the Scheduled Charging Program. There is also an additional \$7500 Federal tax incentive and a \$2500 State incentive, available until September or while supplies last. The ratepayer must arrange installation of the charger.

Mr. Howard inquired whether one would have to buy the car to get the charger. Mr. Fitzgerald said he would check into it.

Mr. Dubreuil thought it would be a tremendous benefit for interested residents and that it would be great for public relations. He wondered how we would communicate the information to ratepayers. Mr. Fitzgerald suggested a bill insert we would supply to the bill service provider or possibly an email to those who receive their bill via email.

The Board members agreed to let Mr. Fitzgerald proceed with the notification to ratepayers.

Adjourn to Executive Session:

On a motion by Mr. Schenker and seconded by Mr. Hine, it was unanimously

VOTED: to adjourn to Executive Session for the purpose of discussing litigation strategy related to Hampshire Superior Court, Docket No.: 1680CV00080 and to discuss strategy with respect to collective bargaining with I.B.E.W. 455, and not to return to Open Session,

By a roll call vote: Hine-aye, Blodgett-aye, Awad-aye, Schenker-aye, Dubreuil-aye.

The Open Session ended at 7:25 PM.



Anne Awad, Clerk

Approved: July 27, 2017

EXHIBIT A

List of Documents reviewed at the June 22, 2017 Municipal Light Board Meeting

1. Draft Open Session Minutes of the MLB May 25, 2017
2. Draft Executive Session Minutes of the MLB May 25, 2017
3. Outages 6/21/2017 YTD
4. Thank You Letters
5. Operating and Capital Budget 2017
6. SHELLED Interim Financial Statement April 2017
7. Customer Deposit Memo
8. Nissan Leaf/Vehicle Charger Incentive Program