

Light Commission December 17, 2024 meeting minutes

To: Light Commission: Commissioners
Light Department: J. Kowalik, General Manager
From: Jean-Jacques Yarmoff, Secretary
Date: December 20, 2024

A quorum being present, Chair Wolf brought the meeting to order at 4:04 pm. The meeting was held in person and with remote internet access, both available to public participation. For technical reasons, there was no recording of the meeting.

Participated in meeting:

Commissioners: Commissioners Frechette, Hull, Wolf and Yarmoff participated in person, commissioner Smith participated first remotely, in person from 4:11 pm.
Light Department: General Manager, J. Kowalik; Business Manager M. Barrett.

Marblehead Land Acknowledgment declaration was read by Commissioner Frechette.

Approval of minutes

- Vote #2024-24** Motion to approve the minutes of the October 1st, 2024 meeting, Executive Session was moved by Commissioner Hull and seconded by Commissioner Frechette. **Unanimous.**
- Vote #2024-25** Motion to approve the minutes of the November 21, 2024 public meeting was moved by Commissioner Hull and seconded by Commissioner Frechette. **Unanimous**
- Vote #2024-26** Motion to approve the minutes of the November 21, 2024 executive session meeting was moved by Commissioner Hull and seconded by Commissioner Frechette. **All commissioners who participated in the Executive Session: Yes, Wolf abstained.**
- Vote #2024-27** Motion to approve the minutes of the November 26, 2024 public meeting was moved by Commissioner Hull and seconded by Commissioner Frechette. **All commissioners present on November 26: Yes, Smith abstained.**
- Vote #2024-28** Motion to approve the minutes of the November 26, 2024 executive session meeting was moved by Commissioner Hull and seconded by Commissioner Frechette. **All commissioners present on November 26: Yes, Smith abstained.**
- Vote #2024-29** Motion to approve the minutes of the December 10, 2024 public session meeting was moved by Commissioner Hull and seconded by Commissioner Frechette. **All commissioners present on December 10: Yes, Wolf abstained.**
- Vote #2024-30** Motion to approve the minutes of the December 10, 2024 executive session meeting was moved by Commissioner Hull and seconded by Commissioner Frechette. **All commissioners present on December 10: Yes, Wolf abstained.**

Upcoming Meetings of the Light Commission

The Light Commission meetings will continue to be held, usually on the last Tuesday of the month, at 80 Commercial Street, from 4:00 to 6:00 pm. [Post meeting note: as an exception, the January meeting will be

held one week early.] The meetings for the first quarter of 2025 will be held on: January 21, February 25, and March 25, 2025.

Comments from the Public

Naomi Caselli, Marblehead resident living on High Street and a member of the board of the non-profit “The Friends of the Park on Elm Street” explained the status of the project and presented a request to the Light Department. The park will have a number of public parking spaces for neighboring residents after its reconfiguration, as it currently does. Planning for EV chargers at that location will be useful, as many neighbors do not have off-street parking and have no place to charge electric cars. The work to resurface the parking spaces will start early in 2025. Would it be possible for the Light Department to lay conduits that will be used in the future to connect EV charging stations?

The General Manager confirmed that laying conduits is not a very expensive proposition and that could be done in time for the planned work to proceed on time. A simple interconnection study, to evaluate the transformers ability to supply future charging stations, would also need to be conducted.

Write Offs

The Business Manager Matt Barrett explained that the Department recommends writing off outstanding debts for accounts inactive during the period November 1, 2022 to October 31, 2023, a smaller amount than previous years.

Vote #2024-31 Motion to write off the balance due to inactive accounts with no activity between November 1, 2022 and October 31, 2023 in the amount of \$ 38,807.56 was moved by Commissioner Hull and seconded by Commissioner Frechette. **Unanimous**

Outstanding items from previous meetings

Polco Employee Survey. Commissioner Wolf commented that at the Light Commission October 2023 meeting, the board recommended a baseline employee survey be undertaken. The intent was to establish a baseline for what would become a periodic tool to better understand department strengths, and identify and track areas for improvement. This was considered especially prudent as the department began to recruit staff for several new positions. A contract with Polco was executed in March of this year but has yet to be implemented. This is still unresolved, so remains on the outstanding items list.

General Manager Updates

Village 13 substation upgrades, Civil Engineering bid. The process to select a firm for the civil engineering work that needs to be conducted as part of the upgrade of the Village 13 Substation was successful. Seven qualified contractors participated in the mandatory visits of the site, 3 qualified bids were received before the submission deadline on December 11, see slide p 6. The Department is finalizing the review and the contractualization of the work, but pending this process is recommending funding the work from the capital account for the winning bid of \$2,719,860, submitted by Fischbach & Moore of Boston, Massachusetts. This is more than the anticipated \$1.5M, but all three qualified bidders were relatively close. The Department will further analyze the variance, likely reflecting the substantial price increases throughout the industry.

Vote #2024-32 Motion to approve the capital account funding for the Village 13 upgrade - site construction project, in the amount of \$2,719,860 submitted by Fischbach & Moore, of Boston, Massachusetts, subject to a final bid review and approval by the Village 13 technical team, was moved by Commissioner Yarmoff and seconded by Commissioner Frechette. **Unanimous**

Village 13 substation upgrades: Next steps and Financial Impact The work to upgrade the substation is complicated by the fact that the equipment will be continually energized, and that the space to work is very constrained. Civil engineering work will start as soon as possible after the contract is signed, depending on the weather conditions. After this work is completed, the switchgear will be installed. Expected delivery of the switchgear is currently March/April. The major steps that will take place as the substation is upgraded are detailed in slides p 7-8. Of note, step 2, removal of the ledge at the new switchgear location might necessitate the temporary closure of the public right of way, for safe operations of the workers.

The slides on page 8 present the current projected capital investment budget for the Village 13 substation upgrades: the total project investment is now estimated to reach \$10.025 M. The financial impact of the substation coming online in the summer of 2025 will be felt in 2026 with an increase in depreciation expenses, as shown on slide at bottom of page 8, with two depreciation rate assumptions.

Salem – Marblehead Transmission Line Resiliency upgrades The Department has applied to a MassCEC program organized under DOE's authority and the bipartisan infrastructure bill's section 40101(d). MMLD's application covers the first two phases of an upgrade to the 23 kV transmission line bringing power into Marblehead from Salem on the public Right of Way to increase resiliency of this critical infrastructure into Marblehead:

- in the first phase, MMLD would replace wood by steel poles on the Salem part of the RoW;
- in the second phase, the line would be buried from Lead Mills to a place close to West Shore Drive;
- in a future third phase, hardening of the line all the way to Village 13 will be contemplated.

MassCEC has approved MMLD's application, and we are currently waiting for DOE's final approval. If the final approval comes through, MMLD will commit to funding its matching minority share of the capital expense, and this share would be \$655K. The General Manager is asking for the board confirm agreement to this capital expense:

Vote #2024-33 Motion to approve the capital account funding of \$654,214 as the grant match commitment required in the \$1.98 million grant proposal submitted by MMLD to MassCEC, acting as the U.S. Department of Energy Grid Resilience administrator, was moved by Commissioner Frechette and seconded by Commissioner Smith. **Unanimous**

Real Estate Needs of MMLD: For the Light Department to pursue its mission of bringing reliable, clean and cheap electricity to the residents of Marblehead, the appropriate space to install equipment is needed. MMLD will need to install new equipment over the coming years. It does not currently have the appropriate real estate for this new equipment. A discussion took place with regard to the best way to engage with the Town's administration to study this question.

Operating budget for 2025: As previously presented, the Department has prepared a 2025 budget based on the based information available currently, which is based on forecasts made at the end of October for the remainder of 2024 and for 2025, especially for the power purchases which are forecasted to represent about 60% of operating expenses. The current projections for full year 2024 are shown on slide 2 page 10. The positive variance comes from relatively "mild weather" this past year that led to power expenses slightly below budget, and from two open staff positions carried from 2023. The

General Manager asked for a vote from the board to approve MMLD's 2025 operating and maintenance budget of \$21,681,000.

Vote #2024-34 Motion to approve the 2025 Light Department operating and maintenance budget of \$21,681,000 was moved by Commissioner Yarmoff and seconded by Commissioner Frechette. **Unanimous**

Staffing: In view of the positions which have been opened and budgeted for two years, Commissioner Yarmoff presented an analysis of the staffing of 6 other Municipal Light Plants, 3 with sales slightly smaller, 3 with sales slightly larger than MMLD. See slide 3 p 11. While the circumstances and operations of each are different from MMLD's, on average, these Municipal Light Plants employ 10 staff members more than Marblehead does. This led Commissioner Yarmoff to propose to set up a Sub-Committee to study the appropriate size and composition of the team, while being mindful and respectful of the restrictions imposed by MGL Chapter 164 on the Commission.

Vote #2024-35 A motion that the Light Commission form a Human Resources Sub-Committee of the Commission, composed of two Commissioners and the General Manager, to study the appropriate size and composition of the team. The HR Sub-Committee will report regularly to the Light Commission and make recommendations to the Commission and to the General Manager, was moved by Commissioner Yarmoff and seconded by Commissioner Frechette. **Four in favor, one opposed.**

Capital Expense budget for 2025: The General Manager presented the known large capital budget projects planned for 2025, which include the Village 13 substation upgrade, the possible upgrade to the transmission line into Marblehead (depending on DOE approval of the grant), possible upgrades to the Wilkins plant, vehicle replacements and on-going routine capital projects. The total for the planned capital expenses is \$4.73M. See p 12.

Land ownership confusion: The confusion regarding the land ownership of a parcel giving access to the Clifton substation has not been cleared up and will be taken up with the Town management.

At 6:16, with the agenda for the meeting being exhausted, Chair Wolf recused herself from the conversations to come and left the meeting, ceding the chair of the meeting to Vice Chair Frechette.

Executive Session

During the Light Commission Meeting of December 17, 2024, Vice Chair Simon Frechette proposed a motion to meet in Executive Session to conduct strategy sessions in preparation for negotiations with nonunion personnel. Not to return to open session. Motion was seconded by Commissioner Smith. Votes: Simon Frechette: Yes; Mike Hull: Yes; Adam Smith: Yes; Jean-Jacques Yarmoff: Yes.

Executive Session started at 6:17 pm.

The Executive Session concluded at 7:05 pm at which point a motion to adjourn was proposed, seconded and, after a roll call of the commissioners voting unanimously in favor, adopted.

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Documents presented during the December 17, 2024 Light Commission Meeting



Agenda

- 4:00 Call to Order, Land Acknowledgement, and Public Comments
- 4:15 Outstanding items and requests from last meeting
 - Employee survey
- 4:20: Year-End accounting vote
- 4:30 General Manager Updates – including three votes & draft budget reviews
- 5:30 Executive Session – To conduct strategy discussion in preparation for negotiation with nonunion personnel. Not to return to open session



Year-end account vote...bad debt write-off

VOTE

“Write off the balance due to inactive account with no payment activity between November 1, 2022 and October 31,2023, in the amount of \$38,807.56.”



General Manager updates

- Village 13 Update – and vote
- MassCEC-DOE 40101(d) resiliency grant update – and vote
- Preliminary 2025 Operating Budget – and vote
- Preliminary 2025 Capital Budget
- Ocean Ave underground service – easements
- Clifton Substation parcel- Atlantic Ave extension



Village 13 Update – Substation Construction Contract

- 7 qualified electrical contractors (bidders) attend the Nov 14th mandatory site visit
- 3 qualified bids submitted & opened on Dec 11th
 - Fischbach & Moore, Boston, MA - \$2.72 million
 - Power Line Contractors, Wakefield, MA - \$2.74 million
 - E.S. Boulos, Auburn, Maine - \$2.82
- Board vote to ratify Village 13 tech team recommendation to proceed with Fischbach & Moore



Village 13 Substation Construction Contract

VOTE:

“Motion to approve capital account funding for the Village 13 substation construction project, for \$2,719,860 to Fischbach & Moore, Boston, Mass, subject to a final bid review and approval by the Village 13 technical team.”



Village 13 Substation next steps

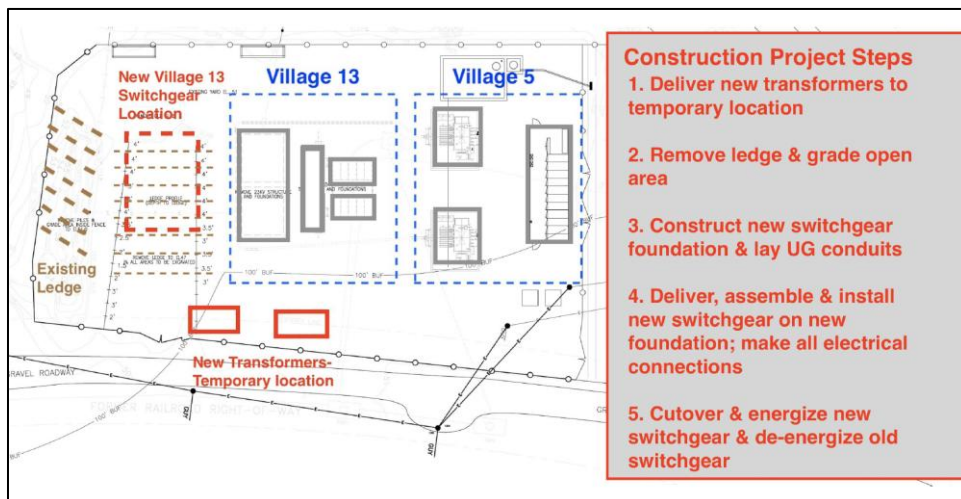
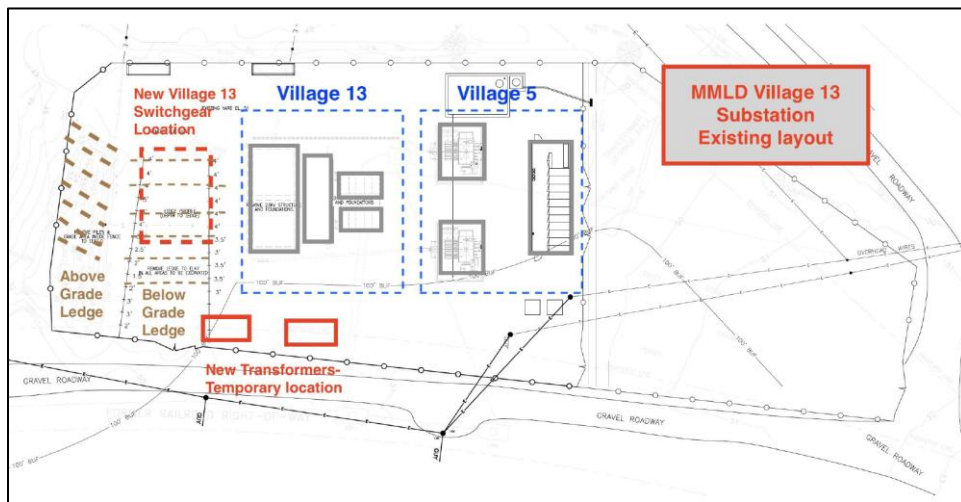
- Approve and sign contract ~30 days
- Begin switchgear foundation site work asap, subject to weather conditions
- Switchgear manufacturer delivery schedule is slipping, delivery date is tbd.

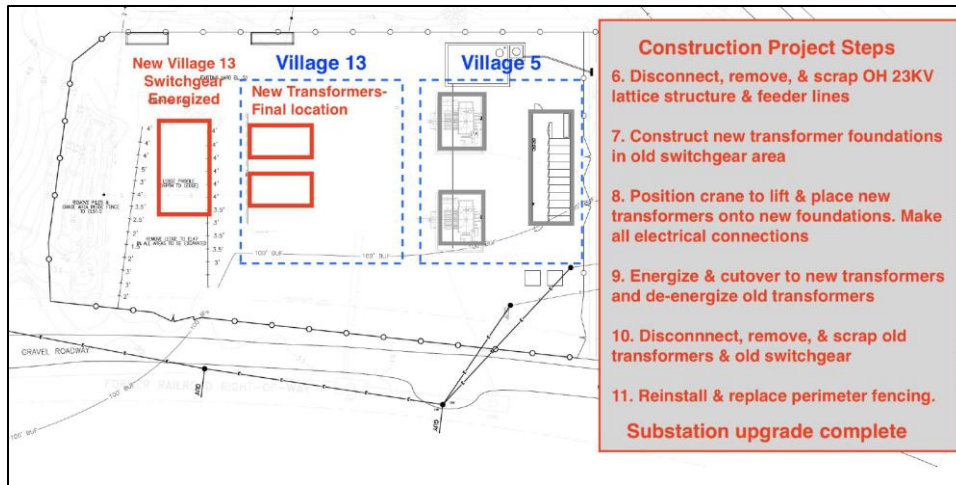


Village 13 Substation construction

“A simple substation with a complicated upgrade.”

- Small area in which to operate
- Existing substation to remain energized during the entire project
- Goal remains: MMLD customers will experience no outages during this upgrade
- 11-step construction project





Updated Village 13 upgrade project budget

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
PLM (Power Engineering)	\$82,145	\$26,991	\$31,937	\$75,000	\$216,073
Virginia Transformer (Transformers)		\$1,316,223	\$1,377,141	\$0	\$2,693,364
Myers Controlled Power (Switchgear)		\$3,297,362	\$0	\$1,098,930	\$4,396,292
Fischbach & Moore (Construction)				\$2,720,000	\$2,720,000
Total Project	\$84,167	\$4,642,599	\$1,411,102	\$3,895,955	\$10,025,729
Sewer Main Landbridge Project					
Concrete Systems (precast concrete)			\$82,635		
Cairns Construction			\$74,783		
Holcim (fill material)			\$3,090		
Bayside Engineering (brdge design)			<u>\$51,910</u>		
Total Project			\$212,418		



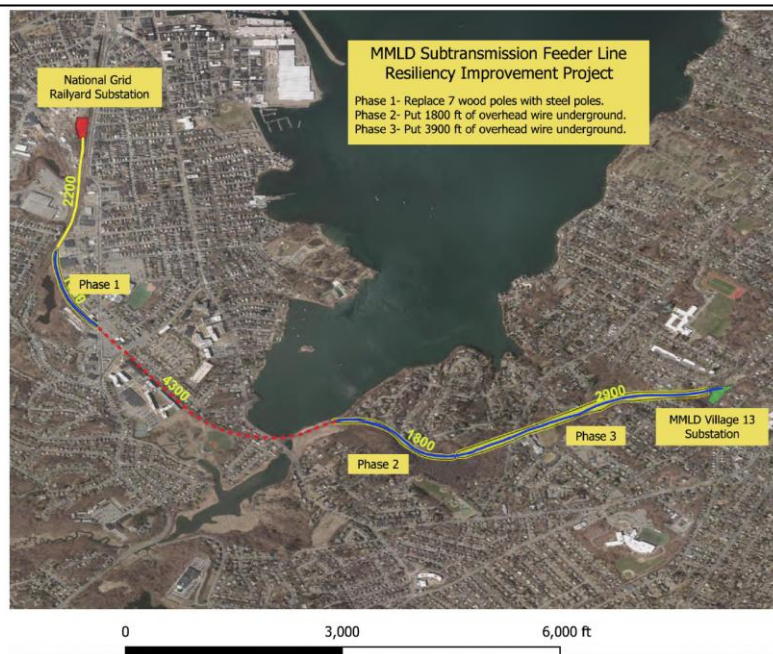
Village 13 Upgrade impact on Depreciation

Year	Vendor	Total
2022	PLM	82,145.00
2023	PLM	26,991.13
2024	PLM	<u>31,937.00</u>
Total		141,073.13
2023	Virginia Transformer	1,316,223.00
2024	Virginia Transformer	<u>1,377,141.00</u>
Total		2,693,364.00
2023	Myers Controlled	3,297,362.00
Total Actual Expenses (current)		6,131,799.13
Remaining expenses :		
2025	Myers Controlled	1,098,930
2025	Fischbach & Moore	<u>2,720,000</u>
Total Remaining Expenses		3,818,930
Total Addition to Plant & Equipment		9,950,729
2025 Retirements		(197,000)
Net Plant & Equipment		9,753,729
2026 Additional Depreciation expense allowance @3%		292,612
2026 Additional Depreciation expense allowance @5%		487,686



Salem-Mhd Subtransmission line Resiliency Grant update

- MassCEC is the Mass agency responsible for distributing US DOE 40101(d) resiliency grants
- MMLD has applied for a MassCEC grant to improve the resiliency of the electric lines connecting Marblehead to the ISO-NE grid in Salem (2323 and 2374)
- The grant will improve the resiliency by replacing wood poles with steel poles in Salem and putting OH lines UG at Lead Mills
- **The \$1.98 M project requires a 1/3 local contribution \$654,000**



MassCEC Resiliency Grant update & Vote

- Mass CEC has approved our application and is forwarding to DOE for their final approval
- Pending DOE approval, MMLD will sign a contract with MassCEC



MassCEC Resiliency Grant update & Vote

VOTE:

“Approve the capital funding of \$654,214 as the grant match commitment required in the MMLD \$1.98 Million proposal to the MassCEC, acting as US DOE Grid Resilience grant administrator”.



2024 Operating Budget YTD

	2024 Budget	2024 F10 Actual	Budget-F10 Variance	Budget-F10 Variance
	Total	Total	\$	%
kWh Sales (millions)	101.0	99.9	-1.1	-1.1%
Operating Revenue:	\$20,549,000	\$21,178,719	\$629,719	3.1%
Power Expenses:				
Energy	\$3,927,900	\$4,263,790	\$335,890	8.6%
Capacity	\$3,233,902	\$3,581,056	\$347,154	10.7%
Transmission	\$3,655,980	\$3,377,956	-\$278,024	-7.6%
Other Power	\$624,171	\$586,517	-\$37,654	-6.0%
Total Power Expense:	\$11,441,953	\$11,809,319	\$367,366	3.2%
Net Income before Operating Expenses:	\$9,107,047	\$9,369,399	\$262,352	2.9%
Operating Expenses:				
Payroll & Benefits	\$4,217,000	\$3,940,360	-\$276,640	-6.6%
Depreciation	\$2,139,828	\$2,139,828	\$0	0.0%
Maintenance	\$853,000	\$808,238	-\$44,762	-5.2%
Admin & General	\$715,992	\$695,100	-\$20,892	-2.9%
Outside Services	\$423,000	\$378,043	-\$44,957	-10.6%
Bond & Interest	\$428,000	\$427,800	-\$200	0.0%
Total Operating Expenses:	\$8,776,820	\$8,389,368	-\$387,452	-4.4%
Net Operating Income	\$330,227	\$979,851	\$649,624	196.7%
Non-Operating Income	\$540,000	\$859,932	\$319,932	59.2%
Net Income Before Town Payment	\$870,227	\$1,839,783	\$969,556	111.4%
Town Payment	\$330,000	\$330,000	\$0	0.0%
Total Net Income	\$540,227	\$1,509,783	\$969,556	179.5%

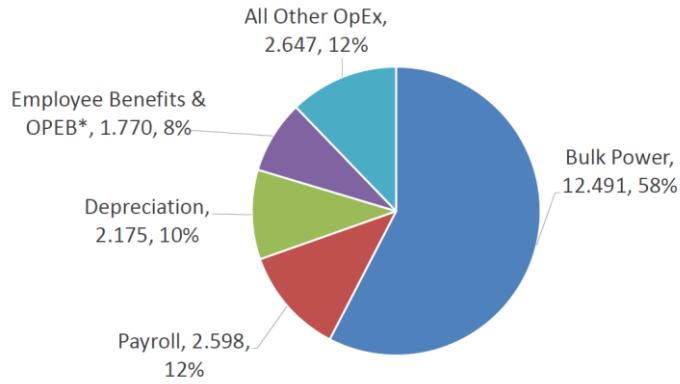


Preliminary 2025 Operating Budget

(000's) Using 5% Depreciation	Proposed		
	Budget	F-10 Actual	Budget
Items	2024	2024	2025
Total Operating & Maintenance Expense Budget	\$20,910	\$20,198	\$21,351
Surplus Revenues returned to Town of Marblehead	\$330	\$330	\$330
Revenue Requirement	\$21,240	\$20,528	\$21,681
Projected Sales (Kwh)	\$101,000	\$99,900	\$101,000
Average Rate Required per Kwh Sold	0.2103	0.2055	0.2147



MMLD 2025 Operating Budget \$21,681,000



2025 Operating Budget Vote

VOTE:

“Motion to approve the 2025 department operating and maintenance budget of \$21,681,000.”

What is the right size of the team?

Systems closest in sales to Marblehead:

System	Number of Employees
Concord	35
Belmont	29
Hudson	26
Marblehead	18
Ipswich	21
Holden	28
South Hadley	26

Average Number of Employees: 27.5 10 more than Marblehead

Propose a Motion that the Light Commission form a Human Resources Sub-committee of the Commission, composed of two Commissioners and the General Manager, to study the appropriate size and composition of the team.

The HR Sub-Committee will report regularly to the Light Commission and make recommendations to the Commission and to the General Manager.



2025 Capital Projects Budget

- Large 2025 capital budget items determined in December:
 - Village 13 Substation Construction bid Dec 11- \$2.72 M (not \$1.5 M)
 - MMLD contribution MassCEC/DOE grant award - \$654,000 (now in 2026, not 2025);
- Other capital project items
 - Village 13 switchgear balance \$1.1 million
 - Ongoing Routine capital projects - \$500K
 - Wilkins Plant - \$250K
 - Department vehicles \$160K

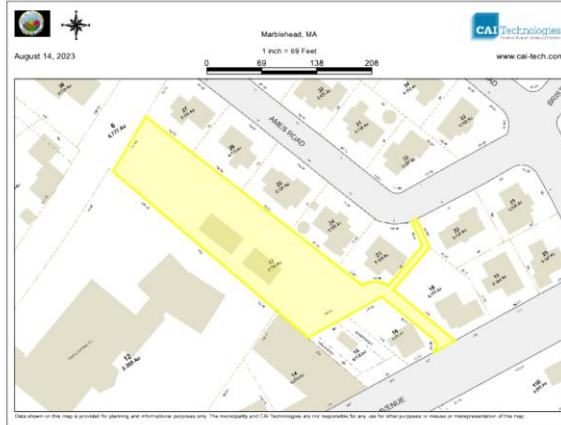


2025 Capital Projects Budget

Village 13			
	Switchgear remaining due	\$1,100,000	
	Construction	<u>\$2,720,000</u>	
	Total Village 13		\$3,820,000
	Subtransmission Resiliency Project		0
	Ongoing Routine capital projects		\$500,000
	Wilkins Plant (rough estimate)		\$250,000
	Dept. Vehicles		<u>\$160,000</u>
	Total Capital		\$4,730,000



Land ownership confusion at Clifton substation – MMLD view of the land area- Town GIS parcel map



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