

# **MINUTES OF REGULAR MEETING BURLINGTON ELECTRIC COMMISSION**

**Wednesday, July 8, 2015 – 5:30 p.m.**

The regular meeting of the Burlington Electric Commission was convened at 5:30 p.m. on Wednesday, July 8, 2015 at the Burlington Electric Department at 585 Pine Street, Burlington, Vermont.

Commissioners Spencer Newman, Scott Moody, Bob Herendeen, Gabrielle Stebbins, and Tim Perrin were present.

Staff members present included Neale Lunderville, Paul Alexander, Tom Buckley, Mike Kanarick, Munir Kasti, David MacDonnell, Ken Nolan, Daryl Santerre and Charlie Willette.

Other staff members present included Laurie Lemieux, Board Clerk.

Channel 17 was present to tape this meeting.

Board Clerk Laurie Lemieux called the meeting to order at 5:36 p.m. The first meeting of the new fiscal year is the Burlington Electric Commission's organizational meeting. The first order of business is to elect officers. Ms. Lemieux opened the floor for nominations for Chair of the Commission.

Commissioner Herendeen made a motion to nominate Commissioner Newman as Chair of the Burlington Electric Commission. The nomination was seconded by Commissioner Moody and approved by all Commissioners present. Commissioner Newman was elected Chair of the Commission. At this time Ms. Lemieux turned the meeting over to the Chair.

Commissioner Newman nominated Commissioner Moody for Vice Chair of the Burlington Electric Commission. The nomination was seconded by Commissioner Stebbins and approved by all Commissioners present.

Commissioner Newman nominated Laurie Lemieux as the Clerk of the Burlington Electric Commission. The nomination was seconded by Commissioner Moody and approved by all Commissioners present.

## **1. Agenda**

There were no revisions to the agenda.

## **2. Minutes of the June 10, 2015 meeting**

Commissioner Herendeen asked that a revision be made on Page 112 under Minutes of the June 10, 2015 meeting. The last sentence should read: "The presentation looked at the differences between lighting using LED, HPS and metal halide fixtures while looking at the effects of the interaction of spectrum and intensity, and in determining light levels."

Commission Moody moved to approve the minutes of the June 10, 2015 meeting as amended. The motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

### **3. Public Forum**

No one from the public was present.

### **4. Commissioner's Corner.**

Commissioner Moody stated that the Airport Solar Press Conference was well attended by staff, City Officials and the media. Also, Commissioner Moody attended a District Heating presentation at BED and is happy to see that District Heating is moving forward.

Commissioner Newman introduced and welcomed the new Burlington Electric Commissioner Tim Perrin. Commissioner Perrin is a resident of the new north end, works for Vermont Energy Investment Corporation as a Key Account Manager for large commercial, industrial and institutional energy users.

Commissioner Newman introduced and welcomed Mike Kanarick to the Burlington Electric Team. Mr. Kanarick comes to BED from the Mayor's Office where Mike held the position of Chief of Staff. Mr. Kanarick is BED's new Director of Customer Engagement and Communications.

### **5. General Manager/Commission Information Items (Oral Update)**

Mr. Lunderville stated that the Airport Solar Press Conference was a great event with Mayor Weinberger and Gene Richards from the Airport. With the launch of the Airport Solar Project this brings the total to 80 solar installations in the City of Burlington which is generating 2.0MW of power, which is a great start. Mr. Lunderville informed the Commission that the Department has begun the installation of solar panels on the roof of BED and this project should be completed by next month.

Mr. Lunderville updated the Commission on the Energy Champ Challenge Program. This program had a goal of 50 homes scheduled for audits this summer and within the first 2 weeks of this program approximately 70 call were received requesting audits. The Department will be doing promotions around the Energy Champ Challenge along with converting customers to on-line billing. In the next few weeks information will be coming out regarding the opportunity to get Lake Monster baseball tickets if residents sign up for E-billing. Mr. Lunderville informed the Commission that with every customer that converts to on line billing, the Department will save

\$18 of postage and printing, not including labor costs. Also, the Department will be sponsoring Lake Monster nights to get residents interested in BED's energy services, online billing and also the Energy Champ Challenge.

John Floyd and Associates (JMFA) have been on site for about 6 weeks. As Mr. Lunderville mentioned in the last Commission Meeting JMFA conducted EMBoS sessions where ideas and suggestions were collected. Approximately 201 individual ideas and suggestions were collected and JMFA have been working through the list. The JMFA team tracks down, investigates and researches these ideas and suggestions. JMFA have presented 3 rounds of recommendations to the Management Team, some of these recommendations are already being done by the Department and there are some recommendations that the Department will need to work with the union on. These union based recommendations are being brought to our Labor Management Committee that meets monthly and working through a subcommittee process for final recommendations. The last set of recommendations can be implemented by Management that do not need to work directly with the union, but would need input from employees.

Transition plans have been submitted from most of the employees who have elected to take the Voluntary Buyout. The transitions plans have been put together and the Managers are ensuring that these transitions run smoothly with 23 employees having staggered leaving dates up to September 30<sup>th</sup>. Mr. Lunderville feels that this transition has been going smoothly, with Managers working to make sure that positions are covered.

The Department is making progress on the solar and storage project, which is part of the Utility 2.0 planning process. BED will be mapping Utility 2.0 efforts over the next 6-18 months. Also part of the planning process is to investigate areas such as technology, what is available in the storage area, how to capture savings, capture revenues and how it all ties into the rate design. The City has been awarded a grant from the DOE Sunshot Program to study solar permitting in Burlington. Part of this grant is to see if there are ordinance changes that can be made to expedite the solar permitting process and possibly create a solar ombudsman here in BED to help guides customers through the permitting process. The Department is continuing to explore these areas and will be in a better place next month to give a more detailed report at the next meeting.

Commissioner Stebbins asked what the status was regarding the BED Mission Plan and Strategic Plan. Mr. Lunderville stated that a little more work needs to be done on the Strategic objectives and anticipate wrapping this up in the September timeframe.

Mr. Lunderville informed the Commission that the Gas Turbine upgrade has stretched on longer than anticipated. This delay is primarily due to a vendor error in ordering the resister for the DC starting panel along with rewiring this project took an additional 4 weeks. Unfortunately when the GT is not running the Department is losing revenue and when the Department says the GT will be running and it's not, then penalties are incurred. The Department has forgone \$45K in lost revenue and received \$23K in penalties, but the Department was able to lay off \$100K of penalties and obligation to other utilities. There may be additional costs associated for the unexpected work but the Department will work with the vendor to understand any additional charges. Mr. Lunderville hopes to report next month that we are back on line but an after action

report will be completed once this is all done.

Commissioner Moody asked if Mr. Lunderville had any information on the incident involving one of the BED trucks involved in an accident with a bicyclist. Mr. Lunderville explained that one of our Line Workers turned right onto Pine Street and signaled to turn into DPW and an individual on an electric bicycle hit the truck. The police investigated and did not issue any citations – it was an unfortunate collision.

## **6. AMS Contract for Credit Card Processing**

Ken Nolan informed the Commission that this contract is part of the Department credit relaunch of the online bill pay, Click2Gov that had been taken down due to some security concerns. Part of the relaunch involved BED to move to a new bank to process the credit card information. The contract from that institution has a normal 90 day cancellation provision with a 1 year automatic roll over. The City's legal counsel reviewed the contract and stated that anything over 5 years requires City Council approval and legal counsel feels that this one year roll over can be construed as longer than 5 years if the Department does not exercise the cancellation. The Department has entered into this contract for one year and an agreement made with the institution that BED would simultaneously take the bank's standard contract through the City process and replace it once the City Council approves.

Commission Herendeen made a motion to recommend approval from the City Council; this motion was seconded by Commissioner Stebbins and approved by all Commissioners present.

## **7. May 2015 Financial Update**

Mr. Santerre presented a brief review of May 2015 year-to-date financial results.

This included a brief discussion of the \$2,277,000 Net Income for the month and \$6,406,000 Net Income year-to-date. It also included discussion of the Debt Coverage of 5.63 for the twelve months ended May 2015, and Cash and Construction Fund balances as of fiscal year end June 30, 2015. Mr. Santerre then provided a more detailed review.

Sales to Customers were up \$480,000 from a \$43,340,000 budget (1.1%) for the year and up \$43,000 for the month. Other Revenues were below budget by \$136,000 on a year-to-date budget of \$3,236,000. Any variance in this revenue is driven by the timing of billings and customer requested work. In May we recorded the last major REC revenue sales and therefore power supply revenue was \$3,583,000 for the month which would have been budgeted for earlier in the year. This was the reason for the Net Income of \$2,277,000 for the month of May. Year to date we were up \$1,313,000 in REC revenue, which helped drive the Net Income of \$6,406,000 being reported. The variance was mostly with the McNeil RECs as the wind production RECs were more in line with budget. All of this leaves us in a good position heading into June reporting where we will be booking the Voluntary Buyout Plan expense (approximately \$2.5 million), a large pension expense/liability (could be \$1 million plus) per GASB requirements, and any year end "true-ups" for accrued expenses.

On the Expense side, power supply costs were down \$32,000 for the month and \$707,000 year-to-date. This is a 2.3% variance on the \$30,194,000 budget. Operating Expense was only down \$231,000 (1.4%) on a \$16 million budget. Taxes were down \$204,000 and Depreciation \$496,000 year-to-date as the budget assumed Winooski One starting in July rather than September 1st.

Other Income was down \$709,000 for the year largely due to the timing of billings/ contributions for the City's Waterfront North Access Project, while interest expense for the year was down \$282,000 as a result of timing of the Winooski One Revenue Bond.

Mr. Santerre then discussed Capital Spending. In total, year to date ended June 30, capital spending was 84% (\$8,650,000) of the \$10,262,000 budget. McNeil/GT Production capital was 29% over budget (\$2,239,000 versus a budget of \$1,736,000) as the Gas Turbine control upgrade (\$1,338,000) was over the \$1,000,000 budgeted and the McNeil plant outage including replacing the super heater (\$557,000) which was not budgeted. The Gas Turbine additional spending was approved earlier by the Commission as well as replacing the super heater at McNeil while the outage was going on. Solar power production was right in line with budget at \$1,628,000 of a \$1,591,000 budget. Distribution spending was under budget (\$2,509,000 as compared to the budget of \$3,743,000) and General Plant was below budget (\$557,000 of \$1,377,000 budget) due to the timing of various capital projects.

On the Cash side, we closed the month and fiscal year with \$7,887,000 of unrestricted, unreserved operating funds. This balance includes a \$1,000,000 CD with Key Bank and the operating fund reserve of \$908,000. Mr. Santerre also went on to say that during the month of June the Construction Fund 2009 balance of \$714,500 was closed out as well as the \$500,000 balance in the fiscal year 2015 general obligation bond (\$3 million annual). In addition, we have established an internally restricted reserve fund of \$2.5 million for the employee Voluntary Buyout Plan. This was the amount that was modeled in the "base plan" that was approved at last month's commission meeting.

Mr. Santerre then presented the three Moody's bond ratings indicators. The Adjusted Debt Service Coverage Ratio was 1.9 for the month (above the 1.50 required for an "A" bond rating) and the three year average was 1.42. The Days Cash On Hand showed a 102 day position, which was the third consecutive month that we have been above the 90 day requirement for a single ("A") Moody's bond rating. Mr. Santerre did explain that the 102 days was higher than usual as the McNeil checking account was unusually high for month end, given some timing issues on payments and/or billings to the joint owners. The three year average was 72 days. (These numbers do include the \$5 million line of credit as available cash). The Debt Ratio showed us at a 47% and the three year historical average at 48%, both considered an "A" rating, which is below 75%.

## **7. Voluntary Buyout (VBO) and Personnel Updates**

Mr. Lunderville stated that the reason to enter Executive Session is to discuss VBO contracts

between BED and employees and is covered under Labor Management Contracts.

Commissioner Moody moved to find that premature general public knowledge of the Voluntary Buyout and Personnel Updates would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313(a)(1) of the Vermont Statutes. This motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

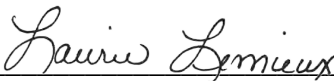
Commissioner Moody moved that the Commission enter into Executive Session to discuss the Voluntary Buyout under the provisions of Title 1, Section 313(a)(1)(A) and (B) of the Vermont Statutes. This motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

The Commission moved into Executive Session at 6:40 p.m.

Commissioner Herendeen moved to exit Executive Session at 7:25 p.m. The motion was seconded by Commissioner Moody and approved by all Commissioners present.

Commissioner Moody moved to adjourn the meeting at 7:26p.m. The motion was seconded by Commissioner Herendeen and approved by all Commissioners present.

Attest:

  
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Laurie Lemieux, Board Clerk