

**Littleton Light and Water Departments
Board of Commissioners Meeting
Minutes – January 19, 2005**

Present for the meeting:

Commissioners: Bruce Trumbull, Joe McCumber, Tom Rauker, Craig Gruskowski

General Manager: Savas Danos

Assistant General Manager: Scott Edwards

Staff: Kevin Goddard, Jerry Young, John Lanciani, Jennifer Pederson

Meeting called to order: 7:07 PM

General

- 1) Approve Agenda -- The Board unanimously approved the agenda as presented.
- 2) Approve Minutes – November 17, 2004 – Tabled until there is a quorum.
- 3) Employee Updates:
 - a) **Discussion on non-union adjustments for Jan 1 2005** – Danos stated that he had proposed that the non-union staff receive a 2.5% increase across the board and have written performance evaluations as has been done in the past. Some members of the Board were uncomfortable with a flat raise because they did not feel it was fair to those individuals who are overachievers. After a lengthy discussion the Board agreed to the 2.5% across the board, however, they would like to also discuss merit opportunities for those individuals who are above average. The Board agreed to discuss it at their next meeting.
 - b) Gift Gratuity Forms for SCD – 2004 – The Board reviewed without comment and the Chairman signed off on the forms.
- 4) Upcoming Meet Schedule :
 - a) GM on Vacation (Jan 21-28) – Commissioner Rauker asked that Business Manager Young initial the warrants while GM Danos is on vacation.
 - b) FinCom Meeting- Feb 8, 8:00 PM – Danos informed the Board that the Light Department was scheduled to present their budget to the Fin Com on the 8th. Commissioners Rauker and Gruskowski said they would attend the meeting along with Danos.
 - c) Next Board Meeting – Feb. 16th -- Danos also proposed a special budget session for February 2nd at 7 PM.
 - d) Special Town Meeting – March 7, election March 12.
 - i) Town Issues – Commissioner Rauker stated that the Middle School would be the main topic and that the selectmen were still discussing whether to add the Town Treasurer's vacancy to the warrant.
- 5) Discussion of Warrant Issues
 - a) Town of Boxboro Police Dept. – Commissioner McCumber stated that he and Commissioner Gruskowski were concerned about a high bill from the Boxborough Police Department. Danos explained that there are two tree trimming crews and that the police follow them for the day as they move through town. Danos stated that traffic has increased and therefore it is

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- necessary to have details in places where previously they have not been needed. Commissioner McCumber questioned the need for actual police officers versus flagmen. Danos stated that the state is constantly reviewing the policy but that police have always been used in Littleton. Commissioner Gruskowski questioned whether our in-lieu-of-tax payment covered these services and what would happen to the excess money, if there is any left. Danos replied that in years past there has been 20-30,000 left and it goes back to the town coffers; if we go over then we pay additional money for the services. There was some confusion over what the LELD has appropriated for police services over the past few years; the Board agreed to discuss this further once Danos reviewed the past budgets.
- b) Nick Lawler – Grad School Bill – The Board agreed that they had already discussed this situation and that Nick was grandfathered under the old policy.
- 6) Town Sewer Update – Danos stated that he has been serving as the “interim manager” for the sewer system linking the schools and town offices. Danos said that the Town received \$150,000 low interest loan through SRF monies to see if there is an interest in creating a village district in the downtown area. Commissioner Rauker stated that he, Selectman Glavey, BOH member Bob Zimmerman, and Danos should sit down to discuss the possibilities. Commissioner McCumber questioned whether the Board had agreed to let Danos manage the sewer system; Danos stated that it won't be official until the Town takes over the system and there is a separate budget. Danos stated that the Board had tentatively agreed to it. Commissioner Gruskowski questioned the other Board members on this decision; Commissioner McCumber stated that the Board went along with the concept but that they were waiting for more details, specifically what Danos' time commitment would be. Commissioner Gruskowski asked Commissioner Rauker if the Town had prepared for this; Danos and Commissioner Rauker explained that the water department had the ability for 24 hour call. Danos stated that there would be contractors responsible for dealing with issues with the system. Commissioner Gruskowski asked how long this would be for; Danos stated for as long as he was General Manager. Commissioner Gruskowski asked if water department personnel would have to respond to emergencies; Danos stated they would not. Commissioner Gruskowski stated he was concerned with Danos taking on too much; Danos stated that he didn't feel it was a problem. Commissioner Gruskowski also stated he was afraid it would become a burden on LELWD; Danos stated if he felt it was becoming a burden he would bring it to the Town. Commissioner Gruskowski stated that he felt it was necessary for the Board to take a stance and limit the input that Danos has in the sewer system; Danos stated that he would be happy to track his time. Commissioner Gruskowski stated that he would like to see the

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hours tracked and reiterated that no light or water money be spent on the sewer system. Danos stated that was already made clear.

**ELECTRIC LIGHT DEPARTMENT
Action Items/Recommendations**

New Business

- 1) Street Light Conversion – Strategy and Test Locations -- The Board reviewed without comment.
- 2) Substation Accident Update -- The Board reviewed without comment.

Financials

- 1) **2005 Budget Review** – Danos stated that the budget was late partially due to some last minute power supply purchases that allowed the budget to be \$800,000 less than it would have been; he said that AGM Edwards would explain the purchases later. Danos stated that we saw a 4% growth in 2004 with the final impact of Cisco and that the 2005 budget was based on no net growth in revenue. Commissioner McCumber questioned the 6.6% growth in billing; Danos stated that the 6.6% is revenue, the 4% is sales. Danos stated that the rates over the past year were 8.8¢ reflective of the higher cost of oil and gas. He stated that entering 2005 it does not appear that we will need a significant rate increase, but that we are out of budget by \$100,000 which can be made up by not expending the budget or through a modest increase. He stated that the IOUs are looking at 15-20% rate increases. Commissioner McCumber stated what he is hearing is scary regarding the higher costs of fuel. Danos stated that we are looking at restructuring the rate so that the PCA is lowered and more of the cost of power is built into the base rate. AGM Edwards briefly discussed the influence of natural gas in the market and the power supply contracts that LELD has. Edwards stated that any power that we have not contracted for is bought on the pool and that while the natural gas rates are coming down the wholesale suppliers have not dropped their prices because they do not want to take the risk. Commissioner Rauker asked what the outlook is for gas; Edwards stated that after 2006 supply should catch up with demand. Edwards stated that he was able to sign a contract that actually follows the price of gas. Danos commented that it was very innovative. Edwards stated that he has saved \$28,000 since January 10th through this contract. Commissioner Gruskowski asked if a contract goes into bankruptcy if LELD has to buy out of the contract; Edwards stated no. He stated with the last contract we received \$800,000 which we have in escrow and now we have to value what our losses are to pursue them in bankruptcy court. Commissioner Gruskowski asked if we would balance out

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after everything is settled; Edwards stated that it is very hard to predict given the length of the contract. Edwards stated that now it is very difficult to get quotes for contracts over 2 or 3 years. Danos stated that we are among the lowest in rates in Massachusetts. Commissioner Trumbull asked if that included PCA; Danos stated yes.

Business Manager Young explained his reasoning behind wanting to restructure the base rate. Commissioner Rauker asked what the difference was and Danos and Young replied that there was no overall difference, the PCA changes to fluctuate for oil and gas. Commissioner Trumbull stated that it is totally defensible to have a PCA that high and that what they are discussing would call for a rate hike. Danos stated it would have to be posted and voted on, but that it would most likely be revenue neutral. Commissioner Gruskowski expressed concern that the computer department was a "budget buster." Danos stated that it should be more under control in the coming year. Danos stated that once Business Manager Young reconciles the financials with the Town then Danos will bring any surplus before the Board to reallocate the funds. The Board discussed the importance of having money in the rate stabilization fund.

Commissioner Rauker asked about the low cost of security lights; AGM Edwards explained that it is off peak power and the cost of service is low. Commissioner Trumbull stated that he thought the jobbings were low and by raising that to \$200,000 the budget would balance; Danos stated that 2004 included Devens and that it is really just an estimate; if a large subdivision were to come in, it would be more. There was a discussion regarding the deficit on what the Town funded for streetlights. Commissioner Gruskowski questioned the 10 million in losses shown on page 6; AGM Edwards explained that it was over the transmission lines and that was in kWh and not in dollars. Commissioner Gruskowski asked how much of the \$94,000 operating loss was due to the computer department; Danos stated that it was over the whole budget and that for now we were going to raise our sales projections to cover it and watch it closely over the year.

The Commissioners asked questions on specific line items within the individual department budgets. Commissioner Gruskowski noticed what appeared to be a mistake within the clothing line item on page B2; Danos stated he would look into it. Commissioner McCumber stated he would like to see employees attend conferences; Danos stated that he had curbed out-of-state travel last year. Commissioner Rauker stated that the 2004 budget expenditure is 1.5% below budget, excluding power supply. Commissioner Rauker asked why we have interest expense; Business Manager Young stated it was our bond for the building. Commissioner Rauker asked Young to look into any prepayment penalties in order to save the \$100,000 in interest. The

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Board reviewed the expenditures in taking over the Town's computer department and Commissioner Gruskowski reiterated that it was a substantial expense and asked for an accurate number; Danos stated that with the employee and insurance that it is \$230,000. The Board asked Danos to include the memorandum of understanding, minutes, and costs regarding the computer department for the next meeting for them to review. After the budget discussion the Board asked Danos to have explanations accompany each line item in the individual budgets that was above \$10,000 and more than a 10% change. The Board agreed to meet on February 2, 2005 to discuss the budget again.

Power Supply:

- 1) Power Supply Update Summary Report -- The Board reviewed without comment.
- 2) Nov. 2005 Power Supply Report -- The Board reviewed without comment.

WATER DEPARTMENT
Action Items/Recommendations

New Business

- 1) RFP Acceptance – Modification of Overlay District Zoning – Danos stated that at the Board's request he sent the RFP to two other firms and one of them replied back. After reviewing both proposals, Danos stated he was recommending that CDM be awarded the job based on the fact that they have a national presence and can look into technologies being used in places like Washington D.C. and Spokane, Washington. Danos stated there was a high likelihood that 70% of this could be funded through a state grant. A motion was made by Commissioner Trumbull and seconded by Commissioner Rauker to accept the proposal from CDM not to exceed \$20,000.00 for modifications to the Aquifer/Water Resources Zoning and that the contract be awarded to CDM. **The Vote: Trumbull—Yes, McCumber—Yes, Rauker—Yes, Gruskowski--Yes.**

Financials

- 1) Cash and Sales Report through December. 2004 -- The Board reviewed without comment.
- 2) Budget Summary through Dec. 2004 -- The Board reviewed without comment.
- 3) Water Dept. 2004 Audited Financials -- The Board reviewed without comment.

