

BOARD OF PUBLIC UTILITIES—Proceedings by Authority

State of New York:

Office of the Board:

City of Jamestown:

Regular meeting of the Board of Public Utilities, City of Jamestown, New York, held **Monday, August 28, 2017 at 4:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

BOARD MEMBERS:	Present	Absent
Tyler Case	X	
Chuck Cornell		X
Terrance Horner	X	
Maria Jones	X	
Jeffrey A. Lehman, PE	X	
Gregory Rabb	X	
Mayor Samuel Teresi	X	
Ralph Wallace		X
Martha Zenns	X	
STAFF:		
General Manager, David L. Leathers	X	
Deputy General Manager, Michael Saar, PE	X	
Finance & Customer Accts. Mgr., Kelly Hawkins	X	
Counsel, William Wright	X	
Sec. to the Board, Tammy J. Anderson	X	
Comm. Coordinator, Rebecca Robbins	X	
Electric & Gas Resource Mgr., Dave Gustafson	X	
Transmission & Distribution Mgr., Chris Rodgers	X	
Electrical Engineer, Kris Sellstrom	X	

OTHER STAFF:

Associate Power Plant Supervisor, Cory Allen

Energy Efficiency Coordinator, Dan Reynolds

The media was notified of this meeting and was represented by Dennis Phillips, The Post-Journal.

On motion of Mr. Jones, seconded by Mr. Horner, the minutes of the previous meeting were approved.

#170801 By Mrs. Jones:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending **August 28, 2017** as follows:

ELECTRIC LIGHT FUND	1,941,844.20
WATER RENT FUND	453,617.60
DISTRICT HEATING FUND	36,990.89
WASTEWATER OPERATING FUND	209,506.03
SOLID WASTE OPERATING FUND	118,354.32
Total	\$ 2,760,313.04

itemized copies of such audits to be placed on file in the office of this Board; and be it further

Resolved, that the action of the executive officers of this Board in drawing warrants on the General Fund in **July 2017** to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 27	186,127.64
Weekly Payroll No. 28	193,059.84
Weekly Payroll No. 29	188,996.69
Weekly Payroll No. 30	186,223.37
NYPA Purchases	453,187.44
National Grid-Transmission Costs	121,766.02
Direct Energy Business Marketing	114,843.00
EmKey Gathering, Inc.	113,016.00
Crown Energy Services	95,420.00
NYSERDA - ZECs	74,481.06
EnergyMark LLC	58,468.00
Mid-American Natural Resources	50,660.00
NYS Sales Tax	35,000.00
American Public Power Assoc. (APPA)	21,525.80
Visa – Corporate Payment Systems	14,463.98
United States Post Office - Rome	12,194.42
Sage Payment Solutions	6,087.65
Invoice Cloud	288.30
Key Bank	268.40
NYSERDA	183.39
Total	\$ 1,926,261.00

ADOPTED. Ayes: 7 Nays: 0
August 28, 2017

#170802 By Mr. Horner:

Whereas, Three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids for the purchase of ITRON Bridge single phase electricity meters, and

Whereas, ITRON has been previously approved as the standard electric meter manufacturer for the Utility and Gottago Electric, Inc. is the regional supplier for ITRON meters;

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing an Electric Division Purchase Order to Gottago Electric, Inc., of Leroy, NY, in the amount of \$28,950 for the purchase of 150 ITRON Bridge Meters is hereby approved and ratified.

Discussion: This order includes 100, 240V meters and 50, 208V meters (typically apartment meters). The meters will be installed on accounts that may be in hazardous locations, difficult to access for disconnection, or in cases of frequent disconnection. The meter can be disconnected or reconnected remotely, or it can be remotely enabled for reconnect allowing the customer to initiate reconnection manually by pressing a button on the meter. The amount is included in the 2017 Electric Division Budget.

ADOPTED. Ayes: 7 Nays: 0
August 28, 2017

#170803 By Ms. Zenns:

Resolved, That the General Manager is hereby authorized to execute Change Order #1 to previously approved Board resolution #170111 in the amount of \$60,000 to Bond, Schoeneck & King, One Lincoln Center, 110 W. Fayette Street, Syracuse, NY 13202-1355 for services to be provided to the City of Jamestown, and its Board of Public Utilities, with regard to the proposed annexation of the Dow Street Substation property, subject to the approval as to form by the Corporation Counsel.

Discussion: The previously approved board resolution for the agreement with Bond, Schoeneck, and King had an initial not-to-exceed spending limit of \$40,000. This change order amount should allow the City to adequately work through the final stages of the SEQRA and annexation resolution and findings process, as well as to prepare the draft petition and briefs in preparation for assumed court proceedings. The additional funding allocated in this resolution is expected to cover legal expenses through the end of the year.

ADOPTED. Ayes: 7 Nays: 0
August 28, 2017

#170804 By Mr. Case:

Whereas, The City of Jamestown Board of Public Utilities (BPU) is subject to the requirements of the 1990 Federal Clean Air Act Amendments (CAAA), Public Law No. 101-549, 104 Stat. 2399 (1990), and specifically Title IV of the CAAA, and

Whereas, Title IV of the CAAA requires that each regulated utility identify a “Designated Representative” (DR) and, optionally, an alternate “Designated Representative” (ADR) to communicate with the Federal Environmental Protection Agency regarding compliance with Title IV of the CAAA, and

Whereas, The BPU desires to designate Cory Allen in place of Steven B. Kulig as the BPU’s ADR, and

Whereas, In consideration of the extensive statutory responsibilities mandated by the CAAA to be associated with the DR position, the BPU desires to assure indemnification of the DR and ADR for all liabilities, costs and expenses, including reasonable attorney’s fees, resulting from acts or omissions of the BPU, the City, or any employee, occurring or arising while the DR or alternate DR is performing his duties, to the fullest extent permitted by law,

Now, Therefore, Be It

Resolved, That Cory Allen is hereby designated the ADR for the BPU; and be it further

Resolved, That the BPU is authorized to indemnify, and hereby assures the indemnification of the DR and ADR for all liabilities, claims, judgments, costs and expenses, including reasonable attorney’s fees, resulting from acts or omissions occurring or arising while the DR or ADR are performing their duties, to the fullest extent permitted by law.

Discussion: Mr. Leathers highlighted that this resolution, along with the following two resolutions, are related to the alternate designated representation through the DEC for environmental programs to provide the regular required reporting as it relates to emissions. Mr. Leathers introduced and congratulated Cory Allen, the new Associate Power Plant Supervisor, successor to Steve Kulig, who served the utility for almost 42 years.

ADOPTED. Ayes: 7 Nays: 0
August 28, 2017

#170805 By Mr. Horner:

Whereas, The City of Jamestown Board of Public Utilities (BPU) is subject to the requirements of the 1990 Federal Clean Air Act Amendments (CAAA), Public Law No. 101-549, 104 Stat. 2399 (1990), and specifically Title I of the CAAA, and is being implemented by the New York State DEC as the NOx Budget Program, and

Whereas, The NOx Budget Program requires that each regulated facility identify an Authorized Account Representative (AAR) and has the option to appoint an alternate Authorized Account Representative (AAAR) to communicate with the Federal Environmental Protection Agency in New York State's Department of Environmental Conservation regarding compliance with Title I of the CAAA and the NOx Budget Program, and

Whereas, The BPU wishes to designate Cory Allen in place of Steven B. Kulig as the BPU's AAAR, and

Whereas, In consideration of the extensive statutory responsibilities mandated by the CAAA and NOx Budget Program to be associated with the AAR position, the BPU desires to assure indemnification of the AAR and an alternate AAR for all liabilities, costs and expenses, including reasonable attorney's fees, resulting from acts or omissions of the BPU, the City, or any employee, occurring or arising while the AAR or AAAR are performing their duties, to the fullest extent permitted by law,

Now, Therefore, Be It

Resolved, That Cory Allen is hereby designated as AAAR, and be it further

Resolved, That the BPU is authorized to indemnify, and hereby assures the indemnification of the AAR and AAAR for all liabilities, claims, judgments, costs and expenses, including reasonable attorney's fees, resulting from acts or omissions occurring or arising while the AAR or AAAR are performing their duties to the fullest extent permitted by law.

ADOPTED. Ayes: 7 Nays: 0
August 28, 2017

#170806 By Ms. Zenns:

Whereas, The City of Jamestown Board of Public Utilities (BPU) is subject to the requirements of the Acid Deposition Reduction NOx Budget Trading Program, NYCRR 237, and Acid Deposition Reduction SO2 Budget Trading Program, NYCRR 238, being implemented by the New York State Department of Environmental Conservation as the Acid Deposition Reduction Budget Programs, and

Whereas, The Acid Deposition Reduction Budget Programs require that each regulated facility identify an Authorized Account Representative (AAR) and has the option to appoint an alternate Authorized Account Representative (AAAR) to communicate with the New York State's Department of Environmental Conservation regarding compliance with the Acid Deposition Reduction Budget Programs, and

Whereas, The BPU wishes to designate Cory Allen in place of Steven B. Kulig as the BPU's AAAR, and

Whereas, In consideration of the extensive statutory responsibilities mandated by the Acid Deposition Reduction Budget Programs to be associated with the AAR position, the BPU desires to assure indemnification of the AAR and an alternate AAR for all liabilities, costs and expenses, including reasonable attorney's fees, resulting from acts or omissions of the BPU, the City, or any employee, occurring or arising while the AAR or AAAR are performing their duties, to the fullest extent permitted by law,

Now, Therefore, Be It

Resolved, That Cory Allen is hereby designated as AAAR, and be it further

Resolved, That the BPU is authorized to indemnify, and hereby assures the indemnification of the AAR and AAAR for all liabilities, claims, judgments, costs and expenses, including reasonable attorney's fees, resulting from acts or omissions occurring or arising while the AAR or AAAR are performing their duties to the fullest extent permitted by law.

ADOPTED. Ayes: 7 Nays: 0
August 28, 2017

The General Manager's report began with a 2017 mid-year financial results presentation by Kelly Hawkins. She began by stating that the solid waste division is doing well financially this year. While year-to-date tariff sales are about at budget, the other revenues, such as extra bag fees and large item pick-ups, are higher than budgeted. Expenses are close to budget and net income is currently around \$70k over budget. Challenges for 2018 include high employee turnover, Teamsters pension degradation, zero-sort/single-stream recycling objective, vehicles, building rehabilitation project, and cash management. Some items being considered for 2018 to increase revenues include charging for yard waste stickers, increasing dumpster fees, changing to zero-sort, taking over responsibility for the Falconer Transfer Station, creation of an "out of City" rate, increased large item fees, and pursue grant opportunities. To lower expenses in 2018, second and third tier wage scales have been negotiated. To further lower expenses, negotiating merit raises in future contracts is being considered. Mr. Leathers said staff will vet these ideas and present them to the board for consideration. Ms. Zenns asked how zero-sort recycling would be a revenue. Mr. Leathers replied that implementation of zero-sort recycling would likely come with a rate increase.

The wastewater division sales history was reviewed. Over the last 5 years, sales have decreased. Even though a good job is being done managing expenses in this division, a few small rate increases over the next few years will likely be required to get this division where it needs to be. Tariff sales are under budget, while other revenues, such as plumbing permits, septage, and other revenues are increasing overall revenues. Net income is slightly under budget for this division. Some of the challenges facing this division include declining revenues without rate increases and declining cash level needs to be understood and managed. For 2018, some items being considered to grow net income, through increased revenues, include increasing septage rates for haulers, possibility of line installations to homes, and business development efforts. To decrease expenses in 2018, some ideas include replacing one wastewater collection employee with a rotating full-time labor poor employee or reducing a position, continuing to work toward

unmanned shifts at the WWTP, using plant water in operations, benefits of the secondary wage scale, producing cost saving results, consideration of using merit raises for union personnel, and less spending on collection system with elimination of order on consent.

The district heating division sales and net income have steadily declined over the last 5 years. Mr. Leathers explained that this is due to a combination of two very mild winters, a 4.8% rate decrease, and a change in our plant operations. He continued, "Even though our sales were the same, our expenses were higher, and therefore, our net income is lower." Kelly said that our cash is predicted to be similar by year-end. This is considered a loss-making division at this time. Some of the challenges for 2018 include mild winters, capability to remain competitive, FAC is too low; resulting in an inadequate recovery of costs, an aging infrastructure, LM6000 winter operation changes, the district chilling division is a contributor to the loss-making portion, and the potential auxiliary boiler #1 replacement project. In order to grow net income through increased revenues, the FAC rate is planned to be increased and a return line heat source incentive implementation is being considered. To grow net income, through decreased expenses, staff is investigating eliminating district chilling and consideration of estimated seasonal billing to decrease meter reading frequency.

In the electric division, even though the sales are decreasing, there is a slight increase in net income dollars due to the rate increase in 2016 of 2.6%. The EmKey pipeline purchase and the dismantling project in the power plant will cause degradation in cash. Kelly highlighted that although our net income is above budget by a small amount, the restricted contributions are also under budget year-to-date.

Over the last 5 years, there have been four small, incremental rate increases in the water division. The spike in 2016 consumption was due to a large leak at Monofrax. Kelly said that the water division is having a concerning year. There is not a lot of net income, so capital spending and carrying expenses are degrading cash in this division. Mr. Leathers said the concern for water is there have been several rate increases over the past 5 years, but cash is still being drained. He said that this division is headed in the wrong direction related to cash and staff is spending a lot of time trying to find solutions. This division requires a lot of capital spending to maintain the infrastructure that is in place. Mayor Teresi asked why water consumption spikes during the warmer months. Mr. Leathers responded that customers are filling pools, watering lawns, etc.

Overall, 2017 year-to-date budget versus actual net income results are concerning for the district heat and water divisions. Electric and wastewater divisions' net incomes are near budget, and solid waste is better than budget. Mr. Leathers said draft budgets will be presented to the BPU Board Finance & Capital Projects Committee meeting on September 5th. Draft budgets for wastewater, solid waste and district heating will be presented at the September Board meeting.

Dan Reynolds will present the energy efficiency results at the September Board meeting. Mr. Leathers said energy efficiency program direction changes are being reviewed for 2018. A press release that is included in today's board packets advises BPU electric customers to utilize 2017 energy efficiency programs before program changes take place in 2018. These changes have been reviewed with the BPU Board Strategic Planning Committee and with the entire BPU

Board. Some of the 1 mil adder is being put aside for the New York State Reforming the Energy Vision (REV)-related activities. He said that discussion has taken place with the BPU Board Strategic Planning Committee related to clean energy projects, electric vehicle projects, and the integrated resources plan update.

Daytime Fall water flushing is scheduled for early October. The communications plan and new maps were included in today's board packets. Staff has created an easier way for customers to understand when flushing will take place. These flushing maps will be available on the BPU website, and will be available in other areas. In addition, BPU staff plans to attend the City Council meeting on September 11th to review this information, along with other information that City Council members have expressed interest in. Becky Robbins said that the August newsletter will contain a "frequently asked questions" section, which includes answers to several frequently asked questions about flushing. Martha Zenns commented that she felt the newsletter was "well done". Becky said that, to avoid confusion, we will not be telling customers if they would be flushed in the morning or afternoon as we did during Spring flushing. Instead, we will tell customers which day the flushing will occur in their area, but will not indicate morning or afternoon. She said we will continue to call customers, whose phone numbers we have on file, to alert them of flushing in their area. For the Fall, we will include commercial customers in these calls, which was not done in the spring. Commercial customers will get about a month's advance notice and residential customers will get about 2 day's notice. Mr. Leathers highlighted that we learned a lot during the spring daytime flushing and implemented new changes. He said BPU personnel will continue to do outreach to ensure that we are well-prepared before the start of Fall Daytime Flushing in October.

There have been some sheet pilings that have been in the Chadakoin River for quite some time, and the BPU is working with the DPW to get them removed. These pilings were originally added in or around the year 1969 as part of power plant operations. They no longer serve a purpose for outflow of water from the power plant and some preliminary work is being done to get them removed.

Also included in the Board packets is a draft updated retainer agreement resolution for Duncan, Weinberg, Genzer and Pembroke (DWGP). DWGP has had the same rates in place since September 2009 and this resolution is to increase their hourly billing rates. If approved, the rate adjustment would be effective on January 1, 2018. Mr. Leathers said the services and legal representation provided by DWGP to the BPU are outstanding; other options for this type of representation would be much more expensive.

Kris Sellstrom is working on an SC-6 Flex Rate Agreement update with SKF. This will be reviewed first with the BPU Board Finance & Capital Projects Committee and will be presented to the Board at either the September or October BPU Board meeting. The current Flex Rate Agreement with SKF expires at the end of October.

We are still awaiting Public Service Commission action on the EmKey purchase process. We are hoping that this is reviewed by the PSC at their September Commission meeting and we are preparing to move forward if we get positive approval from the PSC.

An auditor from the New York State Office of the Comptroller has been here on site at the BPU since April. The first two and a half months of the audit was an assessment to determine what areas would be audited. This process will continue and updates will be provided.

Mr. Leathers is putting together the 2018 BPU utility priorities and committee objectives key items list. This list will include items that the board has communicated are utility priorities and will show how BPU staff is integrating these priorities into planning for 2018. Regular updates will be provided at committee meetings.

Upcoming meetings are as follows:

- Board Finance & Capital Projects Committee meeting – Tuesday, September 5th at 3:30 P.M.
- Board Personnel Committee meeting - Monday, September 11th at 4:00 P.M.
- Board Meeting - Monday, September 25th at 4:00 P.M.

The BPU will be participating, as we have for several years, at the City Labor Day Festival at Bergman Park on Sunday, September 3rd. Worker and work zone safety will be the focus at the BPU tent.

On motion of Mr. Lehman, seconded by Ms. Zenns, the Board convened into executive session to discuss four contract negotiation issues and one potential litigation issue.

On motion of Mr. Horner, seconded by Ms. Zenns, the Board convened into open session.

On motion of Mr. Horner, seconded by Ms. Zenns, the Board meeting was declared adjourned.

David L. Leathers, General Manager
Tammy J. Anderson, Secretary to the Board