

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, November 20, 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	
Associate Power Plant Supervisor, Cory Allen		X
Energy Efficiency Coordinator, Daniel Reynolds	X	

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

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

#171101 By Mrs. Jones:

Whereas, the Board has been provided with proposed written resolutions prior to this meeting and,

Whereas, each Board Member has been given adequate opportunity to discuss each resolution,

Now, Therefore, Be It

Resolved, that proposed resolutions #171101A-B be, and hereby are approved as written.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171101A:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending **November 20, 2017** as follows:

ELECTRIC LIGHT FUND	1,742,400.27
WATER RENT FUND	359,488.44
DISTRICT HEATING FUND	42,895.53
WASTEWATER OPERATING FUND	1,079,209.02
SOLID WASTE OPERATING FUND	77,958.59
Total	\$ 3,301,951.85

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 **October 2017** to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 40	182,810.28
Weekly Payroll No. 41	182,984.50
Weekly Payroll No. 42	192,180.39
Weekly Payroll No. 43	186,221.09
EnergyMark LLC	26,166.00
Apollo Dismantling Services LLC	357,552.45
NYISO-TCC's	288,547.38
Slone-Melhuish Insurance	229,515.39
Direct Energy Business Marketing	24,910.00
National Grid – Transmission Costs	182,122.41
Sprague Operating Resources	15,150.00
NYSERDA	183.39

NYSERDA – ZEC’s	74,481.06
NYPA Purchases	456,705.93
United States Post Office - Rome	10,558.01
Mid-American Natural Resources	5,490.00
Crown Energy Services	15,575.00
NYS Sales Tax	89,943.01
Visa Corporate Payment Systems	8,608.49
Invoice Cloud	311.70
Sage Payment Solutions	5,905.02
Key Bank	188.65
Twin City Fan	1,713.00
Total	\$ 2,537,823.15

#171101B:

Resolved, That a warrant be drawn on the District Heating Fund to The Depository Trust Company, New York, NY, for \$48,431.25 to pay six months interest at 4.25 per centum per annum due December 15, 2017 on \$2,515,000 on Public Improvement Serial bonds, Series 2010A is hereby approved.

Discussion: This is for the District Heat package boiler and building project. The final payment will be made on June 15, 2030.

#171102 By Mr. Lehman:

Whereas, The National Joint Powers Alliance (NJPA) is a municipal national contracting agency which establishes and provides nationally leveraged and competitively solicited purchasing contracts under the guidance of the Uniform Municipal Contracting Law, and

Whereas, The City of Jamestown and Jamestown Board of Public Utilities are members and have the ability to purchase through these competitive purchasing contracts,

Now, Therefore, Be It

Resolved, That the General Manager is hereby authorized to purchase from Ditch Witch Mid-States, of Cranberry Township, PA and through the NJPA under Quote #50175692, one FX50 Vacuum Excavation System at a cost of \$86,200 for the Electric Division.

Discussion: This new hydroexcavator will be utilized to improve productivity, safety and compliance for setting poles and excavating for other underground electric apparatus. It will also be utilized for cleaning electric vaults, manholes, lighting and distribution boxes. This is included in the 2017 Electric Division Budget.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171103 By Mr. Lehman:

Resolved, That the Wastewater Division Budget for 2018 anticipates cash on hand of \$1,941,129 cash receipts of \$5,103,462, and cash disbursements of \$5,289,994 leaving a cash balance of \$1,754,596 be and is hereby adopted; and be it further

Resolved, That disbursements shall be divided \$1,246,000 for Capital Projects and \$4,043,994 for Operation and Maintenance, all as set forth in said budget for 2018; and be it further

Resolved, That the amounts set forth in the budget schedules for the benefit of each account against which charges may properly be made, on file in the office of the Board, are herein appropriated for the purpose therein stated, and the officers and employees of the Board are hereby authorized and directed to contract for necessary expenditures in accordance therewith.

Discussion: There is no rate increase for 2018. This final budget has been reviewed and is recommended by the BPU Board Finance & Capital Projects Committee. Mr. Leathers said there have been improvements in the budget since originally presented. This includes removing \$250,000 for sliplining in 2018 in anticipation of the larger \$1.5M sliplining project in 2019 or 2020. He said we are still investigating the New York State revolving loan option related to that overall project. Mayor Teresi asked for clarification. Mr. Leathers said that we received a grant from the state for 25%, or \$375,000, which left us \$1.125M short, so we will need to figure out how to close that gap by taking out a NYS loan, building up cash (and possibly doing the project at a later date), or determining another way to secure the money. Ms. Zenns asked when the grant is expected to be paid. Mr. Leathers replied that it is expected after project completion.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171104 By Mr. Horner:

Whereas, The Board believes that all rates, charges and rules regarding the operation of the wastewater division should be transparent and available to the general public in the form of Schedules of Wastewater Rates for each municipality served,

Now, Therefore, Be It

Resolved, The Schedules of Wastewater Rates for each municipality served are approved and filed in the office of the Secretary to the Board, and be it further

Resolved, That the General Manager be and is hereby authorized and directed to insert in a newspaper having general circulation in the territory served by the Jamestown BPU prior to January 1, 2018, an appropriate notice to the public of the changes in water rates and regulations set forth in this resolution.

Discussion: These Schedules of Rates are in alignment with the approved 2018 Wastewater Division Budget, were reviewed at the Board Meeting in September, and with the Board Finance & Capital Projects Committee in November. Mr. Leathers explained that there has been one change since the Schedule of Rates for Wastewater was introduced to the Board in September. To align with the recent changes to the water rate schedules, a change has been made to continue to charge a basic service charge, even if an address is vacant and there is no consumption.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171105 By Mrs. Jones:

Resolved, That the Water Division Budget for 2018, anticipating cash and investments of \$1,388,994 cash receipts of \$5,425,933, and cash disbursements of \$5,446,955, leaving a cash balance of \$1,367,972, be and hereby is adopted; and be it further,

Resolved, That the disbursements shall be divided \$1,172,438 for Fixed Charges, \$3,170,907 for Operation and Maintenance, and \$1,103,610 for Capital Projects, all as set forth in said budget for 2018; and be it further

Resolved, That the amounts set forth in the budget schedules for the benefit of each account against which charges may properly be made, on file in the office of the Board, are hereby appropriated for the purposes therein stated, and the officers and employees of the Board are hereby authorized and directed to contract for necessary expenditures in accordance therewith.

Discussion: This budget includes a 2.5% rate increase for 2018. This has been reviewed by and is recommended by the Board Finance & Capital Projects Committee. Mr. Leathers said this was reviewed in detail with the Board Finance & Capital Projects Committee on November 13th. After that meeting, and with input from the Committee, staff reviewed further expense reduction opportunities and capital reductions. When this budget was originally presented to the Board, a 4% rate increase was recommended. He said that a 3.5% increase was recommended at the Finance Committee meeting. Throughout the remainder of the week, staff has been able to get the recommended rate increase down to 2.5% for 2018. Mr. Leathers said, in addition to these changes, staff has also removed one additional rate increase that was originally proposed over the 5 year budget projection period.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171106 By Mr. Horner:

Whereas, The Board believes that all rates, charges and rules regarding the operation of the water division should be transparent and available to the general public in the form of Schedules of Water Rates for each municipality served,

Now, Therefore, Be It

Resolved, The Schedules of Water Rates for each municipality served are approved and filed in the office of the Secretary to the Board, and be it further

Resolved, That the General Manager be and is hereby authorized and directed to insert in a newspaper having general circulation in the territory served by the Jamestown BPU prior to January 1, 2018, an appropriate notice to the public of the changes in water rates and regulations set forth in this resolution.

Discussion: These Schedules of Rates are in alignment with the approved 2018 Water Division Budget. The policy changes were reviewed in detail at the October Board meeting and with the Board Finance & Capital Projects Committee in November.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171107 By Mr. Lehman:

Resolved, That the Electric Division Budget for 2018, anticipating cash and investments on hand of \$15,544,299, cash receipts of \$39,627,839, and cash disbursements of \$47,145,634, leaving a cash balance of \$8,062,503, be and hereby is adopted; and be it further

Resolved, That the disbursements shall be divided \$8,780,180 for Fixed Charges, \$10,492,500 for Capital Projects, and \$27,881,955 for Operation and Maintenance, all as set forth in said budget for 2018; and be it further

Resolved, That the amounts set forth in the budget schedules for the benefit of each account against which charges may properly be made, on file in the office of the Board, are hereby appropriated for the purposes therein stated, and the officers and employees of the Board are hereby authorized and directed to contract for necessary expenditures in accordance therewith.

Discussion: There is no rate increase in 2018. Mr. Leathers said there is quite a bit of capital spending in 2018, which includes primarily anticipation of the EmKey assets pipeline purchase, along with a few other major capital items. Over the 5 year projection, however, spending is controlled to try to rebuild cash in this division.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171108 By Ms. Zenns:

Whereas, The BPU has entered into a contract with EmKey Transportation, Inc. for the purchase of all assets of that company, and

Whereas, During the pendency of that contract, the parties have continued to operate under the terms of the Gas Facilities Lease Agreement between the BPU and EmKey Gathering, Inc., dated July 23, 1999, which calls for monthly rental payments to be made by the BPU in the amount of \$56,508, and

Whereas, EmKey has requested that the BPU advance, in early November, the November and December 2017 rental payments for a total amount of \$113,016, to be applied against rent for these months, if the assets have not transferred prior, and to be offset against the purchase price if the transfer of assets is approved by the PSC prior to the end of December,

Now, Therefore, Be It

Resolved, That the action of the General Manager in issuing an advance of the November and December rental payments to EmKey in the amount of \$113,016 is hereby approved and ratified.

Discussion: The PSC review process continues, after joint request for rehearing in October. The continued delay of approval by the PSC of the transfer of assets from EmKey to the BPU has once again caused cash flow issues for EmKey Transportation, Inc. and its parent company. The advance of rent payments is for EmKey to continue operations in the normal manner and has little annualized risk to the BPU. Mr. Leathers added that there will be no regular monthly lease payment this month and next.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171109 By Mr. Case:

Whereas, The Jamestown Board of Public Utilities (JBPU) is actively engaged in efforts to promote energy conservation and energy efficiency initiatives benefiting its electric division customers and has funds available through its Energy Efficiency Program Charge (EEPC) as approved by the New York Public Service Commission and implemented by the JBPU in April 2009, and

Whereas, The JBPU has established and continues to administer various rebate programs utilizing the funds collected through the EEPC to promote investment in energy efficiency products in a manner that benefits all major categories of electric division customers including residential, commercial, and industrial customers,

Now, Therefore, Be It

Resolved, That the Board does hereby authorize the JBPU to continue to administer the Energy Star, Home Energy Audit and Weatherization, and the Lighting and Motors Programs in accordance with the modifications presented to the board on October 23, 2017, and be it further

Resolved, That the rebates described shall be available to JBPU electric customers whose qualifying and verifiable purchases are made between the period of January 1, 2018 through December 31, 2018.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171110 By Mr. Lehman:

Resolved, That the Board does hereby approve an increase in the work scope in the amount of \$33,440 for contract BD-02-17 dated February 17, 2017 to Gottago Electric, Inc., of Leroy, NY for furnishing of 150W and 400W equivalent LED roadway cobra-head light fixtures for unit cost of \$128 and \$356, respectively, and be it further

Resolved, That the General Manager is hereby authorized to execute a change order to cover the additional requirements to the original scope of the contract as detailed below.

Present Contract Price	\$205,520
Change Order No. 1	\$ 33,440
New Contract Price	\$238,960

Discussion: There were seven (7) bids received at the bid opening on February 17, 2017. GoTTogo Electric, supplying Leotek LED fixtures, was the successful bidder and provided the lowest initial and long term cost “150W fixture” and lowest long term cost “400W fixture”, that met specifications and installation requirements. GoTTogo will provide these fixtures at these quoted costs. The original award was not to exceed \$220,000, only \$205,520 has been executed to date. These are additional lights for the City project and for general replacement of failed fixtures. Due to an easier installation and efficiency improvements, we can install more fixtures than the originally budgeted 915. This is included in the 2017 Electric Division Budget. Mr. Leathers explained that this resolution is to purchase additional street lights to have some on hand and also to perform more changeouts related to the City’s state-funded project. Mr. Leathers said that the changeouts are running very efficiently, so we believe that we will be able to replace more streetlights than originally planned. This resolution is to authorize the additional purchase so the work can be completed. Chris Rodgers added that staff now believes we can replace an approximate addition of 150 lights. Mayor Teresi asked for confirmation that it is all state grant money that is being used for this project. Mr. Rodgers replied, yes, staff has spoken to the state and confirmed that the grant is not based on the number of lights being replaced, but is instead based on the money. Mr. Rodgers said that over 200 lights have been replaced already. Mayor Teresi commented that the new lights are very noticeable. Mayor Teresi asked if there have been any glitches during the changeout process. Mr. Rodgers replied that the changeouts are going very well. He said the new lights are small and compact, and very easy to put up,

compared to the large sodium fixtures that we have used over the years. He said the changeout process is also a lot faster. Mayor Teresi asked about the expected life of the new lights. Mr. Rodgers replied that the new lights have a life expectancy of 20 years, with a 10 year warranty compared to the sodium lights, which have a life expectancy of approximately 6 years. He said that the photocells, which are used to turn the lights on and off, are also rated for 20 years. Mr. Leathers said that we should be able to get approximately 1,050 to 1,100 lights completed, and we've replaced 200 so far. Mr. Rodgers explained where the newly added lights would be placed. Mayor Teresi asked if there are any advantages to the original pilot lights that were installed. Mr. Rodgers replied that these new LED models are more efficient, lighter, and easier to install. Mayor Teresi asked if the lights could be adjusted. Mr. Rodgers replied that we can adjust the intensity, but not the lighting pattern. He said, "They are much better lights and they use less energy."

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171111 By Mr. Horner:

Resolved, That the General Manager is hereby authorized to approve a change order to Resolution #170205 for Apollo Dismantling Services LLC., of Niagara Falls, NY, for a total amount of \$49,000, to complete additional abatement work of Friable Asbestos Containing Material (ACM) as part of the demolition of Boilers #11 and #12 at the Samuel A. Carlson Generating Station.

Discussion: During demolition activities of Boilers #11 and #12, the deteriorated condition of friable ductwork asbestos was discovered. This material has been identified as requiring immediate abatement work be performed to eliminate the potential hazard associated with asbestos exposure throughout the facility. Apollo Dismantling Services LLC provided the lowest proposal of the two received to perform this work.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171112 By Ms. Zenns:

Resolved, That the General Manager is hereby authorized to approve a change order to Resolution #170308 for Stohl Environmental of Buffalo, NY, for a total amount of \$18,750, to complete additional project monitoring of abatement of Friable Asbestos Containing Material (ACM) to be removed during the demolition of Boilers #11 and #12 at the Samuel A. Carlson Generating Station.

Discussion: In relation to the immediate abatement work that must be performed to eliminate the potential hazard associated with asbestos exposure throughout the facility due to the deteriorated condition of friable ductwork asbestos that was discovered during demolition activities of Boilers #11 and #12, the State of New York requires that an independent air/project monitoring service that is licensed and approved by the State be retained by the owner for any

large asbestos abatement project. Stohl Environmental has satisfactorily provided these services to us in the past and is currently the contractor on record to oversee project monitoring asbestos abatement activities on the demolition of Boilers 11 & 12. Mr. Leathers explained that this resolution goes along with the previous resolution. In order to perform asbestos abatement work, this resolution must be authorized for monitoring and oversight. Stohl has successfully performed this type of work for the other asbestos projects at the Power Plant in the past.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

#171113 By Ms. Zenns:

Whereas, SSOE Group of Toledo, OH has recently provided professional consulting services in an efficient and comprehensive manner related to developing project plans and bid specifications for the current demolition and reconstruction project at the Samuel A. Carlson Generating Station,

Whereas, SSOE Group has considerable knowledge of and possesses familiarity with the power plant;

Now, Therefore, Be It

Resolved, That three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids for professional engineering consulting services needed to support the repair or replacement of the Simple Cycle Stack of the LM6000 gas turbine, and be it further

Resolved, That the General Manager is hereby authorized to enter into an agreement with SSOE Group of Toledo, OH, for professional engineering consulting services for an amount not to exceed \$58,000, per their proposal dated November 16, 2017.

Discussion: In September 2017, an extensive inspection of the simple cycle stack revealed unexpectedly high steel wall thickness loss and severely deteriorated internal components. Furthermore, structural analysis modeling indicates highly stressed areas have developed within the stack's steel structure due to this deterioration and extensive reconstruction of the stack is needed to remedy these deficiencies. The power plant's spring 2018 outage period has been targeted as the most immediately practical period during which the specialized work can be performed. To enable this targeted date to be achieved requires an aggressive schedule that allows for detailed engineering and material fabrication by the selected contractor to be performed in early 2018. Due to the complexity of the work scope, a proposal was sought from SSOE Group LLC to aid in development of a project plan, review alternatives, prepare bid specifications and otherwise support the BPU in selecting an appropriate contractor to execute the project. Critical dates in the overall schedule include bid specifications being issued on or around December 15, 2017 and project award by the Board on approximately January 22, 2018. SSOE's services will be provided and billed on a time and material basis based on the direction they receive from BPU project management personnel. Staff believes that retaining SSOE to

provide this support will help ensure the overall project is completed safely and at the lowest cost. Mr. Leathers explained that this is engineering time & materials work as it relates to the planning and details for our LM6000 simple cycle stack. He continued, we need SSOE to develop the bid specifications for demolition and, ultimately, either rebuild and repair or replace the simple cycle stack. While International Chimney was here in late-August for stack inspection, they highlighted the need for robust repair or replacement. Mr. Leathers said that we've completed modeling through AECOM. AECOM recommended that the stack height may be able to be reduced from just under 200' to around 120' or 130', contingent on DEC approval. He said that we would remove the top section of the stack and either repair or replace it, based on cost and recommendation. He further explained that if the DEC is going to approve a height reduction, the coal conveyance building would need to be removed. Mr. Gustafson added that we are targeting for this work to be performed in the Spring, which is a pretty aggressive schedule. Mayor Teresi asked for an update on the progress of the dismantling project. Mr. Leathers replied that Apollo is pretty much done with the outside work for the winter. They are finishing up deconstruction of Boiler #12. Mr. Gustafson said they are about 70% done with Boiler 12 and approximately 95% done with Boiler #11. Staff anticipates that they will finish up on the outside of the building next week and that it will likely take another month to remove the boilers. The finish work will likely not be completed until late January. Mr. Leathers explained they will need to return in the Spring to finish the work on the roof. Ms. Zenns asked if the simple cycle stack project is the \$900,000 included in the budget. Mr. Leathers replied, yes, along with other items including work for the simple cycle stack demolition, coal silo work, and inspection of the combined cycle stack.

ADOPTED. Ayes: 8 Nays: 0
November 20, 2017

Mr. Leathers provided a General Manager's Report. Draft schedules for the 2018 Board meetings and Board Committee meetings were provided at today's Board meeting. Board members were asked to provide feedback regarding any schedule conflicts.

Mr. Leathers provided an update on the Village of Celoron water project. The work that the BPU committed to do has been completed. Mike Saar and Eric South, along with other water employees, have been in Celoron over the past two weeks to replace approximately 1,000 feet of water mains in an effort to provide water before the end of this year to any of the eight residents who choose to have this work done and who are not currently connected to the BPU water system. The invoice for the work is being sent and Celoron has committed to pay by the end of this year. Mr. Leathers added that there will be work required to finish parts of that project in late Spring/early Summer timeframe, but at this point, there is enough main in the ground to provide water to those residents. Mayor Teresi asked when the billing and payment would happen. Mr. Leathers said the Village has committed to pay up to \$50,000 and the work we've done so far is estimated to be less than \$50,000. We estimate approximately another \$25,000 to \$30,000 for the work that will need to be done in the Spring, but that work will not be initiated until there is another commitment to pay. Mr. Case asked what remaining work will need to be completed in the Spring. Mike Saar replied that pieces will need to be tied into mains for neighborhood connections for the water flow. Mayor Teresi asked how many of the eight residents have

committed to connect to the system. Mr. Saar said that we do not have that information at this time.

In addition to the demolition project at the power plant, there is also an elevator project which should wrap up sometime in the month of December. The LM6000 gas turbine was run in simple cycle for two days last week, is currently running in simple cycle, and will also run in simple cycle tomorrow. In a week from tomorrow, we will run it in combined cycle mode, bringing on the power plant, for at least two to three weeks in December and run it while it makes sense, continually monitoring the pricing in the NYISO market. He said that we are hoping to run in combined cycle throughout the winter period.

In the Transmission and Distribution department, the English Hill Substation project is nearing completion and commissioning is expected during the week of December 4th. The stray voltage testing inspections that are required annually by the New York State Public Service Commission have been completed for 2017. The downtown corridor streetlights will be audited again and repairs will be completed during the week of November 27th, in advance of the Downtown Jamestown Christmas Parade scheduled for December 1st.

BPU Staff is attending the City Council work session on Monday, December 11th. The changes to the rate schedules will be reviewed and a budget update will also be provided to the councilmembers.

Upcoming meetings are as follows:

- Board Strategic Planning Committee meeting – Monday, November 27th at 3:30 P.M.
- Board Finance & Capital Projects Committee meeting – Monday, December 11th at 3:30 P.M.
- Board Meeting - Monday, December 18th at 4:00 P.M.

Mr. Leathers said there is an APPA Annual Conference from June 15th through June 20th in New Orleans. Board Members were asked to notify staff if they are interested in attending.

Mr. Leathers formally thanked Kelly Hawkins, Dave Gustafson, Mike Saar and other contributing staff members for their work on the budgets this year.

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

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

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

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