

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, January 28, 2019 at 12:00 P.M.** in the offices of the Board, 92 Steele Street, Jamestown, New York.

BOARD MEMBERS:	Present	Absent
Marie Carrubba	X	
Tyler Case	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, Shari Lake	X	
Comm. Coordinator, Rebecca Robbins	X	
Transmission & Distribution Mgr., Chris Rodgers	X	
Electrical Engineer, Kris Sellstrom	X	
Associate Power Plant Supervisor, Cory Allen	X	

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

Mayor Teresi opened the meeting by thanking everyone for being flexible in their schedules to meet at 12 Noon to allow attendance at a funeral scheduled at 4:00 P.M. today for a recently deceased BPU employee.

Mayor Teresi requested nominations for the position of Board Chairperson. Ms. Carrubba nominated Dr. Greg Rabb to serve as Chairman of the Board. Mr. Horner seconded the motion. There were no other nominations. Board members were unanimously in favor of electing Dr. Rabb as Chairman of the Jamestown BPU Board for 2019. Mayor Teresi congratulated Dr. Rabb and turned the meeting over to him as Chairman.

Dr. Rabb thanked the Board members and proceeded to announce the 2019 Board Member committee assignments. The BPU Board Personnel Committee is comprised of Tyler Case as

Chairman, Marie Carrubba, and Greg Rabb; BPU Board Finance & Capital Projects Committee is comprised of Maria Jones as Chairwoman, Jeff Lehman, and Sam Teresi; and BPU Board Strategic Planning Committee is comprised of Terry Horner Chairman, Martha Zenns, and Ralph Wallace.

On motion of Ms. Carrubba, seconded by Mrs. Jones, the minutes of the previous meeting were approved.

Martha Zenns arrived at this time.

On motion of Ms. Zenns, seconded by Mr. Case, the Board convened into executive session to discuss a contract negotiation issue.

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

#190101 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 #**190101A-E** be, and hereby are approved as written.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190101A:

Resolved, That the warrants be drawn on the proper funds to pay bills which have been duly audited for the period ending **January 28, 2019** as follows:

ELECTRIC LIGHT FUND	1,193,343.61
WATER RENT FUND	348,529.33
DISTRICT HEATING FUND	131,858.03
WASTEWATER OPERATING FUND	267,171.05
SOLID WASTE OPERATING FUND	106,823.89
Total	\$ 2,047,725.91

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 **December 2018** to pay the following payrolls and disbursements be approved and ratified:

Weekly Payroll No. 49	184,158.89
Weekly Payroll No. 50	186,430.89
Weekly Payroll No. 51	186,668.10
Weekly Payroll No. 52	178,168.84
Direct Energy Business Marketing	117,025.00
National Grid – Transmission Costs	281,957.77
NYSERDA - ZEC	272,381.97
NYS Retirement System	1,347,223.00
Energy Mark	12,625.00
NYS Sales Tax	35,000.00
NYPA Purchases	494,823.36
DTE Energy Trading Inc.	70,365.00
United States Post Office - Rome	9,862.65
Sprague Operating Resources	45,108.00
Visa Corporate Payment Systems	19,966.19
Invoice Cloud	433.20
Sage Payment Solutions	8,092.54
Snyder Brothers Inc.	11,150.00
Longevity & Wellness Payroll	129,680.96
Health Insurance Incentive Payroll	30,183.99
Total	\$ 3,621,305.35

#190101B:

Resolved, That the bids provided by Graybar of Cheektowaga, NY, and Irby Utility Supply of Syracuse, NY on BD-02-19 opened January 22, 2019 to supply general utility line materials and supplies be accepted and hereby awarded in accordance to the attached bid tabulation sheet, and be it further

Resolved, That the General Manager is hereby authorized to issue an Electric Division purchase order to each of the aforementioned vendors for these items.

Discussion: The bid utilizes unit pricing and will be ordered as needed throughout the course of one year effective January 1, 2019 through December 31, 2019, with a total estimated cost of \$170,000 for these items.

#190101C:

Resolved, That a warrant drawn on the Electric Light Fund to Depository Trust Co., New York, New York, to pay \$18,434.38 for six months interest at 4.125 per centum per annum due February 1, 2019 on \$2,500,000 Serial Electric Bonds is hereby approved and ratified.

Discussion: This is from 2005 for both the original/base CFB Project permitting, planning, engineering costs and also for various infrastructure improvements. Final payment is scheduled to be made in August 2025.

#190101D:

Resolved, That a warrant be drawn on the District Heating Fund to Depository Trust Co., New York, New York for \$54,706.25 to pay principal of \$45,000 and \$9,706.25 for six months interest at 4.0 per centum per annum due February 15, 2019 on \$530,000 Serial District Chilling Bonds is hereby approved and ratified.

Discussion: This is for the BPU Chiller Unit. Final payment is scheduled to be made in February 2025.

#190101E:

Resolved, That the General Manager is hereby authorized to purchase from Ed Shults Chevrolet, Inc. of Jamestown, NY under City of Jamestown DPW Bid #111918 opened November 19th, 2018, one (1) 2019 Chevrolet Silverado 4X4 truck at \$29,866.50, for the Wastewater Division.

Discussion: This truck will replace vehicle WW11, a 2011 Ford F150 which will be sold at a later date. This vehicle is included in the 2019 Wastewater Division Capital Budget.

#190102 By Mr. Rabb:

Resolved, That the Board does hereby approve the Agreement between the Jamestown Board of Public Utilities (BPU) and the IBEW Local 459 covering the period from February 1, 2019 through December 31, 2023, in accordance with the tentative Agreement attached hereto.

Discussion: This has been reviewed by and is recommended by the BPU Board Personnel Committee.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190103 By Mr. Case:

Whereas, Article 18 of the New York State General Municipal Law requires municipal entities to require members of municipal boards to disclose potential conflicts of interest on an annual basis, and

Whereas, Each written disclosure has been completed, submitted to the Secretary to the Board, and is made a part of the official record of the municipal entity, and

Whereas, The annual statements of financial disclosure indicate no conflicts which may not be excused;

Now, Therefore, Be It

Resolved, That the Board does hereby accept the annual statements of financial disclosure submitted by each BPU Board member for the calendar year of 2019.

Discussion: The Board adopted the annual statement of financial disclosure form pursuant to Section §812 of the General Municipal Law.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190104 By Mrs. Jones:

Whereas, The Board believes that it is in the best interest of the BPU to purchase miscellaneous supplies, materials and equipment from local vendors under blanket annual purchase orders;

Now, Therefore, Be It

Resolved, That the Board authorizes the General Manager to execute blanket purchase orders in an amount not to exceed \$20,000 to the following local vendors:

Danielson Oil Company
Dave Tanner's Garage
Everydays Hardware
Jamestown Macadam
Valpro Sanitary Supplies
Welders Supply Company

And be it further

Resolved, That the Board authorizes the General Manager to execute blanket purchase orders in an amount not to exceed \$40,000 to the following local vendors:

Barmore Sellstrom
Chautauqua Brick
Chautauqua Metal Finishing Supply
Fastenal
Free-Col Laboratories
Jamestown Electric Supply
Rexel
Schaefer Plumbing Supply Company

Southern Tier Municipal & Supply
Unifirst

Discussion: The BPU purchases and stocks most items used in the operation and maintenance of the utility divisions. For those items which it is impracticable to stock, the BPU has historically permitted employees to make purchases of miscellaneous supplies, materials and equipment from local vendors under blanket purchase orders issued on an annual basis. This resolution formalizes this process and requires that purchase orders be issued prior to any purchases. This process is in compliance with the BPU's procurement policy. If purchases from any vendor during the calendar year are going to exceed the purchase order amount in this resolution, further Board authorization will be sought.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190105 By Mr. Lehman:

Whereas, the Board believes that it is in the best interest of the Jamestown Board of Public Utilities (JBPU) to have vehicles maintained and repaired from local vendors under blanket annual purchase orders;

Now, Therefore, Be It

Resolved, that the Board authorizes the General Manager to execute a blanket purchase order in an amount not to exceed \$90,000 to Boyles Motor Sales of Jamestown, NY.

Discussion: The JBPU Fleet has numerous Freightliner and International Heavy Duty Trucks used in all divisions (primarily large solid waste and electric line department vehicles) that need repaired or serviced by certified repair centers due to warranties on the vehicles. Boyles is the only local certified Freightliner and International heavy duty truck repair center. This resolution formalizes this process and requires that purchase orders be issued prior to any repairs or maintenance. This process is in compliance with the JBPU's procurement policy. If purchases from this vendor during the calendar year are going to exceed the purchase order amount in this resolution, further Board authorization will be sought. JBPU staff will continue to investigate having more of this vehicle work performed by the City Department of Public Works. Ms. Carrubba asked what would happen if Boyles Motor Sales went out of business. Mayor Teresi responded we would have to find another company, Mr. Leathers noted a couple of other options, including working with Patrick Monaghan at the Jamestown Department of Public Works (DPW).

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190106 By Mr. Horner:

Resolved, That the General Manager is hereby authorized to purchase from Teracai of North Syracuse, NY, the annual Maintenance and Support Agreement for the coverage period of January 11, 2019 through January 10, 2020 in the amount of \$22,555.

Discussion: This Maintenance and Support Agreement is to cover any software upgrades to our Cisco Network equipment and phone system and for any technical support needed for the continued operation of the BPU's Networking equipment. This is an annual support agreement that must be renewed every January and is included as part of our annual operating budget.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190107 By Ms. Carrubba:

Resolved, That the General Manager is hereby authorized to execute Change Order #4 in the amount of \$125,000 to previously-approved Board resolution #170111 to Bond, Schoeneck & King, One Lincoln Center, 110 W. Fayette Street, Syracuse, NY 13202-1355, for services provided to the City of Jamestown with regard to the proposed annexation of the Dow Street Substation property.

Discussion: This is the fourth Change Order to the previously-approved \$40,000 board resolution for legal services provided by Bond, Schoeneck, & King. Change Order #1 was approved in the amount of \$60,000 in August of 2017, Change Order #2 was approved in the amount of \$70,000 in January of 2018, and Change Order #3 was approved in the amount of \$110,000 in August of 2018. This current change order will allow payment of expenditures estimated through June 2019, specifically related to developing and filing the required brief to the Appellate Division, Fourth Department, developing and filing a reply brief, and preparing and providing oral arguments.

ADOPTED. Ayes: 8 Nays: 0:
January 28, 2019

#190108 By Mr. Lehman:

Whereas, three-quarters (3/4) of the members of the Board of Public Utilities concur that it is impractical to take bids for LED cobra-head lighting fixtures; and

Whereas, the Utility has previously installed over 2,000 Leotek cobra-head LED fixtures throughout its service territory and is planning on replacing approximately 1,000 additional fixtures; and

Whereas, GoTTogo Electric is the only authorized vendor for Leotek lighting products in Upstate New York; and be it further

Resolved, that the quote from GoTTogo Electric, Inc., of Leroy, NY, provided on January 7, 2019, for furnishing 150W and 400W equivalent LED roadway cobra-head light fixtures for unit cost of \$154 and \$423, respectfully, with a total cost not to exceed \$200,000 be accepted; and be it further

Resolved, that the General Manager is hereby authorized to issue an Electric Division purchase order to GoTTogo Electric, Inc. for these light fixtures.

Discussion: We are planning to convert about 1,000 additional HPS lights to LED in six areas of the City and the southern half of the Village of Celoron. The stranded cost for the fixtures will be funded by the Energy Efficiency Program. These funds were allocated as part of the REV related program. After this conversion there will be approximately 700 HPS cobra-head fixtures remaining in the City. This is included in the 2019 Electric Division Budget.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190109 By Ms. Zenns:

Whereas, Three-quarters ($\frac{3}{4}$) of the members of the Board of Public Utilities concur that it is impractical to take bids to provide detailed design services for the installation of the steam separator on Steam Turbine Generator No. 6;

Whereas, SSOE Group LLC of Toledo, OH has previously provided professional consulting services to perform pipe stress analyses and prepare the technical specification for the steam separator purchase for the Samuel A. Carlson Generating Station,

Now, Therefore, Be It

Resolved, That the General Manager is hereby authorized to enter into an agreement with SSOE Group LLC of Toledo, OH, to provide professional engineering consulting services to support the modification of steam piping for the installation of the Steam Separator on Steam Turbine Generator No. 6. In the amount not to exceed \$40,000.

Discussion: After the 2016 overhaul of Steam Turbine Generator No. 6, a steam process assessment was performed by Elliot Group and a report was provided to the BPU. To reduce the potential for degradation of internal parts of Steam Turbine No. 6 due to steam system conditions, the power plant staff and SSOE Group recommended the installation of Steam Separator on Steam Turbine Generator No. 6 for moisture and Foreign Object Damage (FOD) reduction. SSOE prepared the preliminary pipe stress analyses and the technical specification for a steam separator. SSOE completed these tasks successfully, which resulted in a steam separator purchase.

Due to the complexity of modifying the steam piping, a proposal was sought from SSOE Group LLC for engineering assistance to provide detailed design services, prepare of a formal set of plans and provide the technical specification for the installation of a steam separator on Steam Turbine Generator No. 6.

SSOE's services will be provided and billed on a time and material basis per SSOE Proposal No. P18-00906-01, received January 10, 2019. Staff believes that retaining SSOE to provide this support will help ensure the overall project is completed safely and at the lowest cost. This is included in the 2019 electric division capital budget.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

#190110 By Ms. Carrubba:

Resolved, That the General Manager is hereby authorized to enter into an agreement for Professional Services with LaBella Associates of Jamestown, NY, to provide design and project support for new line department crew facilities to be located in the existing T&D garage, for a sum not to exceed \$23,400, pursuant to their proposal dated December 6, 2018.

Discussion: There is a need to construct new consolidated locker and storage facilities for the line crews. The existing locker rooms are split between the garage area and upstairs mezzanine. The garage area is open and does not provide adequate space or protection. The new area will address these concerns along with the addition of bathroom facilities, washer dryer area, break area and gear storage. Labella will provide a design with detailed drawings for construction. They will also all prepare construction documents required for bidding, assist with the bidding process, and provide construction phase support. This is included in the 2019 Electric Division Budget.

ADOPTED. Ayes: 8 Nays: 0
January 28, 2019

The General Manager's Report began with a presentation of the 2018 Unaudited Year-End Financial Highlights by Kelly Hawkins. Ms. Hawkins began her presentation with the Electric Division, where revenues were 7% higher than budgeted. Tariff sales were \$1.9M higher than budget, this includes the Fuel Adjustment Charge (FAC) pass through. There was an increase in pole attachment revenues; over the last three years this revenue has doubled. Expenses were 2% over budget. Production expenses were \$1.5M over budget; this includes \$616K Renewable Energy Credits (REC) costs to the New York State Energy Research and Development Authority (NYSERDA) over budget. Net income was \$3.67M vs. budget amount of \$1.3M; this includes \$1.225M from Off System Sales (OSS). Capital spending was significantly higher than normal because of the \$4.5M EmKey Pipeline asset purchase. A total of \$1.86M was spent on dismantling efforts, decreasing the Restricted Fund balance. Unrestricted cash decreased from \$13.7M to \$10.9M.

Ms. Hawkins continued with the Water Division, where revenues were 2% higher than budgeted, noting a rate increase of 2.5% in 2018. Overall expenses were \$37K under budget. Cost control efforts resulted in a 7% decrease from 2016 and 2017 spending levels. Net income in the Water Division was \$632K vs. budget amount of \$472K. There was an increase in main breaks and service leaks from 87 to 116, which is a relatively low number compared to the previous three

years (133, 188, and 182). Cash increased from \$1.4M to \$1.85M. In the Wastewater Division, consumption was down 2%. Wastewater sales were \$97K under budget, while other revenues (including leachate and septic sludge) were \$177K over budget, resulting in total revenues being \$80K over budget. Net income was \$309K vs. budget amount of \$278K. Cash increased from \$1.95M to \$2.4M. Cash levels have recovered from the \$1.5M Belt Filter Press project that was paid out of cash and completed in 2018. There have been only two Wastewater rate increases over the last ten years; in 2009 and 2017. In the Solid Waste Division, Net Income was \$110K, just under budget amount of \$137K. Revenues were \$32K over budget, while other revenues (extra tipping fees) were \$27K under budget. Payroll and repair & maintenance (R&M) expenses were higher than budgeted. Landfill tipping expense was \$3K under budget; the budget had included a \$50K increase for the unstable recycling market. Cash on hand went from \$753K at the end of 2017 to \$706K at the end of 2018, partly due to purchasing two replacement vehicles in 2018. Typically, BPU only purchases one replacement vehicle per year for Solid Waste. The Solid Waste Division is maintaining a goal of growing cash to avoid debt financing for the building project in the 5-year capital plan, while hoping to find a less costly option. Dr. Rabb asked if there was a specific reason for the increase in R&M costs, Ms. Hawkins responded it was several factors we had no control over, such as vehicle mechanical repairs, not one thing. In the District Heating (DH) Division, the consumption increased significantly. In 2018 January and December, those months were higher than the previous 5 years consumption. Due to R&M expenses now being booked directly to the DH Division, there was a budget increase of \$35K higher than 2017. However, the actual expense increase was \$130K, just by booking the maintenance done in this division to the DH division instead of the Electric division. Energy purchased was 23% over budget, this again relates to the amount of time the power plant runs. Most of the energy purchased is related to the amount of waste heat produced by the power plant for the DH division. There were DH mains that became fully depreciated in 2018, this was not recognized in the budgeting process, and was a contributing factor to positive net income in 2018. Net income was \$27K compared to a budget of \$6K loss. Cash increased to \$3.5M, a \$150K increase from 2017. Ms. Hawkins noted there would a savings of approximately \$18K to use \$368K cash to pay off the callable Chiller bond.

To summarize, Ms. Hawkins highlighted the changing environments in Electric, Solid Waste and District Heat Divisions. State regulations for Electric are causing increasing costs to customers with no benefit to the division. World recycling market changes are significantly increasing solid waste costs and creating challenges for expense control. The competitiveness of District Heat and Chilling is a challenge that is monitored continually. Overall, all divisions either reached their net income target or were just under it. Although there will always be items to focus on and improvements to make, 2018 was financially successful for the BPU.

Mr. Leathers thanked Ms. Hawkins and all of the staff for the time spent managing the financials of each of these divisions, and the Board for their support in the budgeting process. Mr. Leathers recognized Mike Saar, Chris Rodgers, Cory Allen, Kris Sellstrom and the entire team who are dedicated to the day to day, week to week management, keeping an eye on and planning and responding to all the complex parts of operating the BPU.

Mr. Leathers reported that the power plant is currently running in combined cycle mode and will continue to do so for the upcoming week and into next week. The EmKey Gathering

transition to Douglas Pipeline continues and is being managed well. The PSC has approved the transition to Douglas Pipeline and that is currently underway. The operation & maintenance should be transferred completely by February 1, 2019.

There has been a change to the New York State (NYS) Energy Policy, the Green New Deal takes the 50% renewable energy by 2030 and increases that to a new target of 70% by 2030 and 100% by 2040. Our risk is an exponential increase in Renewable Energy Credits (REC). The energy market is extremely volatile at this time. Mr. Leathers noted having generation capabilities helps minimize the exposures our customers have. Phase II of LED streetlight changeout project should take about three months to complete, starting around mid-April.

Mike Saar and Keith Vanstrom, with Bill Wright's assistance, received confirmation from the NYS Department of Environmental Conservation (DEC) to terminate the consent order at the Wastewater Treatment Plant. A lot of work has gone into this over the past few years by Mike and Keith to investigate, respond, and track everything we needed to do under that consent order. That information was put into a letter to the DEC in early January requesting relief and it was granted. The Sanitary Sewer Overflow Order on Consent is still being worked on. The BPU is providing information and data on responses to the DEC, working toward having that order terminated in the future hopefully.

Mr. Leathers informed the Board that Business Development Coordinator position interviews continue this week. More updates will be provided to the Strategic Planning Committee at their next meeting on February 11, 2019.

There was a New York Association of Public Power (NYAPP) meeting in Albany last week, where contracted legal support and government affair support was discussed. Mr. Leathers anticipates a resolution will be presented at the February Board meeting for the legal services of Duncan, Weinberg, Genzer and Pembroke (DWG&P) and Susan Stohr. They both work for NYAPP and BPU pays a portion of their costs. This is an annual resolution.

Mr. Leathers noted the draft committee schedules handed out will be finalized with input from committee chairpersons.

Upcoming meetings are as follows:

- Board Finance & Capital Projects Committee Meeting – Monday, February 4th at 3:30 P.M.
- Board Strategic Planning Committee Meeting – Monday, February 11th at 3:30 P.M.
- Board Personnel Committee Meeting – Tuesday, February 19th at 3:00 P.M.
- Board Meeting - Monday, February 25th at 4:00 P.M.

Freed Maxick is on site today starting the independent financial audit. Finance Committee members were invited to participate in the opening meeting with Freed Maxick today after the Board meeting.

Mr. Leathers recognized recently deceased BPU employee Brad Raak, condolences out to his entire family for his sudden illness and passing. Brad was a truly committed employee of the utility and interacted regularly with the BPU customer base and was always a positive influence and a positive role model in the community as it relates to the utility, noting he will be missed by everyone at the BPU. Mayor Teresi also expressed his appreciation of Brad's service to the utility and the community.

On motion of Mr. Case, seconded by Ms. Zenns, the Board convened into executive session to discuss two contract negotiation issues, and one current litigation issues.

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

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

David L. Leathers, General Manager
Shari J. Lake, Secretary to the Board