

TOWN OF IPSWICH
Finance Committee Minutes
Fiscal Year 2024 Budget Hearing 10
Tuesday April 25, 2023 at 7:30pm
Ipswich Town Hall, Meeting Room A
25 Green St. Ipswich, MA

With a quorum present, the Chair called the meeting to order at 7:35pm.

Finance Committee members present: Michael Dougherty, Emilie Smith, Ken Swenson, Joseph Bourque, Rob White, Robert Chambers, Jamie Fay, Michael Schaaf

Finance Committee members not present: Walter Hartford

1. Welcome – Michael Dougherty

2. Citizens Queries – Michael Dougherty

- none

3. Meeting Minutes Approval/Votes – Michael Dougherty

-2/28, 3/1, 3/2 (municipal budget)

- Motion to approve meeting minutes from 2/28, 3/1, and 3/2 made by Ken, seconded by Joe
- Joe said on the March 2nd notes there is a type-o on page three, it says 22,000 customers and it should be 2200.
→ *Motion passed unanimously, 7-0*

-3/7, 3/8, 3/16 (school budget and PBPB)

- Motion to approve minutes from 3/7, 3/8, and 3/16 made by Joe, seconded by Bob
→ *Motion passed unanimously, 7-0*

-3/18 Bean Counting

- Motion to approve minutes from 3/18 made by Joe, seconded by Michael S.
→ *Motion passed unanimously, 8-0*

-3/21 Tri-Board

- Motion to approve minutes from 3/21 made by Joe, seconded by Rob
→ *Motion passed unanimously, 8-0*

-3/28 Warrant Hearing 1

- Motion to approve minutes from 3/28 made by Bob, seconded by Mike
→ *Motion passed unanimously, 8-0*

Fiscal Year 2024 Budget Hearing: Electric Light Department

4. Electric Light Department

Jon Blair, ELD Manager for the town of Ipswich, went over the budget for the ELD and the annual report. Jon was joined by Ray Leczynski, ELD Accountant, as well as Jim Engel and Michael Schaff who both sit on the ELD Subcommittee. Jon explained how the ELD budget is different than other budgets, and said it is not appropriated and is instead approved by the Board of Electric Light Commissioners.

Jon went over the annual report highlights. There is no proposed increase to the base rate and no increase in FTE's. There is an anticipated reduction in power costs of 2 cents/kWh. The department anticipates completion of the advanced metering infrastructure (AMI) conversion project, and they are formalizing the business relationship with the Water & Wastewater Departments. They are also recommitting to improve cooperation and processes associated with shared services, specifically between Utilities and Town Hall. The department has noticed inflation of costs for materials and services which has been integrated into the financial management system. There are also challenges and opportunities with the labor market which include their field staff becoming decertified with the union. There have been a lot of vacancies in the Municipal Light Department due to this. This budget was considered and recommended by the Electric Light Subcommittee 5-1.

Jon went over the successes of the last year. Accomplishments include the following:

- The department successfully navigated a difficult wholesale power market; minimizing cost and volatility for customers.
- Dedicated and commissioned the largest solar array in the Commonwealth of Massachusetts and successfully negotiated the largest ownership share (34%) for Ipswich.
- Provided mutual aid to several public power communities.
- Further developed “resource” decarbonization service and “reinvest” financing concept to benefit comprehensive energy solutions for customers.
- Continued success with peak reduction program (PRP); formalized plans to grow program with utility-scale battery in 2024.
- Designated a Smart Energy Provider (SEP) by the American Public Power Association. (APPA); recertified with APPA as a Reliable Public Power Provider (RP3)
- Contributions earning special recognition by members of the Ipswich ELD team:
 - Katie Smith and Carol Falconer were each recognized with the Carol A. Tracey Customer Service Award by the Northeast Public Power Association (NEPPA)
 - David Leveque IV received the 2022 NEPPA Distinguished Service Award
 - Ashley Wilson received the Rising Star award from the Municipal Electric Association of Massachusetts (MEAM) Communications and Energy Services (CES Committee)
 - Lineman William (Billy) Stevens received a commendation from the Select Board for rendering life-saving acts to a member of the Ipswich community experiencing a medical emergency

Jon went over the budget and showed the P&L which provides a snapshot of the operations. For the current year, they budgeted a net income of just over \$250k. The year to date actual is a little misleading because there are transfers coming

in late but they are projecting they will come in at \$380k. Next year they project an income of just under \$600k. Jon went over operating expenses, and administrative costs. Michael asked about the G&A expense and asked what the Town Hall allocation and Broadreach are. Jon said Broadreach is a consulting firm to help with customer communication. Town Hall allocations are due to significant increases in shared services, predominantly due to a new position to support GIS as well as the Climate Resiliency Manager.

Jamie asked about the increase in retiree health and pension benefits. Ray Leczynski, Electric Accountant, said because they capitalize things they allocate pension and healthcare across all of the labor categorizes. There is a significant portion of the expense that goes toward retirees. Ray used to allocate that across everything but he realized that is not something that should be allocated because it is a cost for retirees that are no longer contributing. They also had two people go from PPO which is \$20k to HMO which is \$40k, and two junior employees that used to use their parents benefits, and now they take the insurance which is \$10k each. Michael asked about labor expenses and Jon referred to the labor expenses page. He also discussed the financial relationship with the Water and Wastewater Department, they are basically charging the Water Department for clerical support.

Michael asked about the metering project. Jon said it is the same project that the Water and Wastewater Department is doing. They are able to piggyback off of each other. Michael also asked when the last time the shared labor has been looked at. Jon said it is looked at every year. It is not always agreed upon every year due to the evolution of the positions as well as the change in Town Managers. Michael S. said they typically reevaluate those allocations during the summer months.

Jon also went over debt. Joe asked if there is an alternative transmission line in the long-term plan. Jon said no, the compelling interest is in communities like Gloucester and Beverly because there has been a lot of congestion with their feed. There is some interest in possibly extending our transmission line. Ken asked if the capacity is there right away to do that. Jon said the substations give us the ability to process demands. We aren't in danger at the moment, but if we think we're going to grow between 10-20%, we should plan for that.

Jon went over the Star Fund which is a fund that was set up to eventually decommission critical infrastructure. We contribute \$300k per year and currently there is \$1.2M in the fund. Jon also went over expected costs for decommissioning infrastructure to show the need to continue to contribute to the fund. There has been discussions at the Subcommittee level about what the goal is for the fund and if we should slow down on contributions at some point.

Michael asked about the Sustainability Fund. Jon said Ashley Wilson put this fund together and she oversees it. This budget has grown in terms of its innovation in recent years. This budget also funds the Sustainability Coordinator position.

Michael S. said he is on the subcommittee and he supports the budget but is not supportive of the discount program. It is a substantial expense for the ELD and if you compute it on a per rate payer discount, it is about \$70 per household. The discount program does not offer a financial benefit to the ELD. Rob said the residents own the ELD, so the owner is getting the discount. Michael said the ELD does not have data on who obtains the discount, but they have the addresses, and it is not people in the lower income parts of town. It is people in the middle- and higher-income parts of town that are getting the discount. This is taking money from the people that cannot pay quickly because they don't have money. It is a tax on lower income families that benefits middle- and higher-income families. Michael said if we want to have a program that benefits people, it should help lower income families. There are several options of how to spend this money that would actually benefit all rate payers.

Jamie asked if the Electric Light Commissioners have approved this budget. Jon said not yet, they will see the presentation on May 1st. Rob asked if low-income residents qualify for discounts. Jon said no, the only discount they offer is the prompt payment discount.

5. Annual Town Meeting 2023 Preparation – Michael Dougherty

Michael said whoever drafted the article will be the one to present it at Town Meeting. The Finance Committee members discussed who would talk at Town Meeting for the articles and for the minority reports.

6. Subcommittee Updates

Jamie said the Public Safety Building Subcommittee is meeting once or twice per week and they are in receipt of the final design development drawings which are 60% complete. They also have updated budget estimates which are not going in the right direction. They are currently looking at why the estimates are so high and to try to get it back in line.

Michael said the Public Safety Building Re-Use Working Group realized it is premature to discuss what will be done with the building yet because it is still a few years away. They did have the charge to relocate the community gardens and are continuing to work on that and will make a recommendation in a few months.

7. New/Old Business – Michael Dougherty

- Michael D. reminded the Committee that the schools had invited everyone to tour.
- Michael said he is running for Select Board, and if he gets elected this will be his last Finance Committee meeting.

8. Adjourn – Michael Dougherty

- Motion to adjourn made by Rob, seconded by Ken

→ *Motion passed unanimously, 8-0*

Respectfully Submitted By
Alyson von der Esch
4-28-23