

A motion was made to move both items by Commissioner Borges-Lopez and seconded by Commissioner Mann.

Items 2 & 3 of the Consent Agenda were approved unanimously.

(16-10-18-2)

(16-10-18-3)

REGULAR AGENDA

4. The Manresa Association – Economic Impact Analysis

Guest John Moeling, board member of the Manresa Association as well as President/Director of Norwalk Land Trust, addressed the Commission in requesting financial support for an Economic Impact Study of the 125 acre Manresa Island property. The study's purpose would be to identify the property's options for disposition or redevelopment, and the associated costs – financial as well as environmental.

The study is estimated to cost \$150,000. The City of Norwalk has committed to fund half if the Manresa Association can come up with the other half - \$75,000. To date the Manresa Association has reached 80% of its goal.

Commissioner Westmoreland asked if the buildings on the property could be repurposed without disturbing anything else, and would the study be looking into that option. He expressed concern that the Manresa Association is driving a forgone conclusion that the best option would be to have the property torn down to keep it conservation land, and improving the view for the surrounding neighborhood. He is also concerned that the loss of property tax revenue from NRG would greatly impact the Second Taxing District's service area which is the lower income part of town. Commissioner Westmoreland does not believe the argument that the increase in property values for Wilson Point properties would make up for the City's loss of tax revenue from NRG, particularly since the owners of those properties assessed with higher taxes would have the resources to fight the assessments.

In addition to his concern that repurposing of the property is not being seriously considered, Commissioner Westmorland disclosed that he is Chairman of the City of Norwalk's Historical Commission and his view is that the power plant buildings and smoke stack are of architectural interest.

John Moeling replied that neither the Association nor the City has a hidden agenda. The Association is pursuing the Economic Impact Study in an attempt to evaluate and quantify the various alternatives. He, personally, would like to see the property developed. In addition, John Moeling has been unable to obtain copies of reports prepared for NRG which evaluate and dismiss other energy generation possibilities for the property. These would be helpful in avoiding

duplicate efforts and wasting EIS resources.

Commissioner Westmoreland stated that the Commissioners would need to look into the District's budget, as well as discuss amongst themselves whether to provide funding.

No action taken.

John Moeling left at 7:35 pm.

5. Quarterly Financial Statements – 1st Quarter FY 2016 – 2017

Kevin Barber handed out first quarter financials for the Board's review.

Commissioner Westmoreland acknowledged the importance that the new management under Paul Yatcko is providing the Board with quarterly financials, rather than annual financials under the previous management.

Kevin Barber discussed the numbers. Since this is the first fiscal year that monthly budgeting is being done, and the water numbers are based solely on last year's data, some budgets were a little off. Budgeted numbers will improve as more monthly data is collected going forward.

Actual water sales for the first quarter were 2.478 million, or slightly under the budgeted \$2.5 million by \$34,000. Miscellaneous customer charges were \$66,000, making total operating revenue \$2.544 million. Total operating expenses were \$2.1 million. Thus, operating income for the water side was \$438,000., or approximately \$98,000 over the budgeted \$341,000. The net on non-operating revenue and expenses resulted in a loss of \$88,000 which was primarily due to interest on loan payments (booked one month early). Income before operating transfers is a positive \$350,000 for the quarter.

Commissioner Geake asked what 'unallocated expenses' referred to. Kevin Barber and Paul Yatcko explained that unallocated expenses are expenses (for example, vehicle expenses, and labor not charged directly to a particular expense account) incurred on a regular basis and accrued into an overhead account. These overhead expenses have typically been allocated once a year to their appropriate expense accounts (i.e. spread back over the appropriate categories). The plan is to eventually allocate them on a monthly basis, thus eliminating this category from the financials.

On the electric side, actual sales were 4.369 million versus the budgeted 4.16 million, resulting in \$209,000 ahead. Miscellaneous customer service charges were \$28,000 for a total operating revenue of 4.397 million versus the budgeted 4.186 million, resulting in \$211,000 ahead. Actual operating expenses were 3.867 million versus the budgeted 4.2 million, resulting in \$390,000 ahead. Although revenue has increased by customer usage, so has SNEW's purchase power expense. The operating income for the first quarter on the electric side

resulted in a positive \$530,000 versus the budgeted loss of \$72,000. SNEW is ahead slightly over \$600,000. Taking interest revenues and expenses into account, the final income is a positive \$401,000.

While the numbers are positive this quarter, this is the first year of attempting monthly budgeting so it is possible that going forward the actual and budgeted numbers may be off a little bit. Utility expenses are typically 'lumpy' and differences in timing can cause variances that look big one quarter, but over a 12 month period are often self-correcting.

SNEW was administering its customer assistance program itself until last month [September], with a total initial budget of \$25,000. Person to Person has been contracted to administer the program going forward with the remaining budget of approximately \$20,000 for the remainder of the fiscal year.

6. Policy on Job Vacancies

Paul Yatcko provided a new section for the Employee Manual. The new policy will require all job vacancies to be posted internally and externally at the same time and with the same filing deadline. Posting internally would not mean that employees would be given preference for the position.

Commissioner Geake motioned to approve the new policy. Commissioner Mann seconded.

The motion carried unanimously.

(16-10-18-6)

7. Management Update

Commissioner Westmoreland has asked Paul Yatcko to provide a management update each month in regards to what is happening within the organization at a high level.

Paul Yatcko provided an update on the status of four items: water reservoir capacity, organization's safety performance, efforts to fill Director of Electric Operations position, and the organizational review.

Reservoir Capacity:

As of October 14th, 2016, SNEW's water system capacity stood at 36%. (As a way of calibration, the 25 year average for the same week of the year is 62%.) Low levels of this magnitude are not unique to SNEW this season. Many water systems throughout Connecticut are at very low levels.

SNEW's drought response plan (contained in the emergency planning section of the Water Supply Plan) outlines four levels of response:

- Drought Advisory, which at this time of year is invoked at the 45% capacity

level, and calls for individual voluntary conservation with a goal of 10% reduction in usage.

- Drought Watch, which at this time of year is invoked at the 41% level. This is the level SNEW is in now, internally.
- Drought Warning, which is invoked at the 32% capacity level. The goal is a 20% reduction in usage.
- And, Drought Emergency, which at this time of year is invoked at 23%. The goal is a 25% reduction in usage. This response level would require a public declaration of emergency, and could potential require phased closings of government and school buildings, shortened work weeks for certain industries, and elimination of non-emergency use of water. It would also include the activation of emergency supplies if available.

At the request of the First and Second Taxing Districts, Norwalk Mayor Rilling declared a preemptive water emergency on October 9th, 2016, which **prohibits** irrigation of lawns and plants, washing of vehicles and boats, washing/spraying down any outdoor surfaces, use of fire hydrants by public agencies for non-emergencies, filling or draining of ponds or lakes for recreational purposes, and knowingly allowing leakage of plumbing fixtures. The Norwalk Police Department will be enforcing the ordinance with fines of up to \$90 per day.

Safety Performance:

SNEW's five year history (2010 – early 2015) for OSHA reportable safety incidents showed 5 times the industry average, with 4 – 6 reportable incidents a year. Twenty eight of SNEW's forty seven employees are involved in, or directly supervise, physical work. For perspective, incident rates of 4 – 6 per year over 28 employees translates into 20% of the workforce being injured on the job each year, or put another way, over the course of five years every one of these employees (on average) would have sustained a work related injury. Paul Yatcko deemed such high numbers as clearly unacceptable and took action.

Paul Yatcko replaced the previous safety consultant, who although very competent, had been working with SNEW for over a decade and his message and presence had essentially become ineffectual. In addition, the consultant was only available on-site once per 10 business days. Consequently Paul Yatcko hired a full-time, short term, consultant to be available on-site every day, and also made safety performance a management priority. Inspections and testing of safety related equipment in the Electric Department has improved, all first aid kits were replaced and are inspected each month, safe work practices for underground energized tasks have been reinforced, new standards for ARC resistant clothing compliant with NFPA have been instituted, standards for identification of and the management of entry into confined spaces have been reinforced, and are working on updating organizational training requirements. SNEW's OSHA reportable incident rate in August 2016 has dropped to 2.12%, which is below the industry average. Paul Yatcko didn't take full credit for the decrease. He attributed it to a

combination of the new safe work practices and ‘dumb’ luck.

Paul Yatcko is working with First Choice Safety Solutions to reduce their time on-site and the associated costs, and will be advertising for a new in-house Safety/Security Coordinator.

Commissioner Geake asked the amount of [consultant] cost savings to be achieved. Currently the safety consultant costs \$4000/week. This cost will not completely go away as a need for some consultant services will always be required (for certain types of training and for safety audits, for example). On the other hand, these costs may be offset by the cost savings from lower worker’s compensation premiums due to fewer accidents, as well as cost savings from a lesser need for employee overtime.

Director of Electric Operations:

Fourteen applications were received for the position, which was posted both internally and externally. Of the 14, only 3 applicants have the operating supervision experience required for the position. The other 11 had strong engineering, but zero operational supervisory experience. None of the three qualified individuals are Connecticut residents. Paul Yatcko and Lisa Roland will be completing telephone screening interviews this week with these 3 candidates to determine which to invite in for onsite interviews. The Directors of Water Operations, Customer Care, and Finance and Services will join Paul Yatcko and Lisa Roland in conducting the onsite interviews.

Proposed Organizational Review:

Paul Yatcko received Drew Rankin’s, the CEO of CMEEC, willingness to lead an evaluation of the effectiveness of SNEW’s reorganization. Paul Yatcko distributed a description of Mr. Rankin’s credentials and background for the Commission’s information and review. Paul Yatcko believes Mr. Rankin’s specific expertise regarding organizational effectiveness, and management systems and processes is more than appropriate to conduct the evaluation.

Should the Commission approve the recommendation to utilize Drew Rankin, Paul Yatcko will need to finalize a scoping document to determine the level of effort required and a time-frame for completion. Paul Yatcko is proposing to have the project commence at the beginning of 2017, after a Director of Electric Operations is hired, and expects completion within 4 – 6 weeks. Paul Yatcko will be pushing to have the Director of Electric Operations in by the beginning of the New Year – January 1, 2017 or so.

Commissioner Borges-Lopez asked what the cost of the review would be. Paul Yatcko is hoping to negotiate a ‘freebee’ as an active member/customer of CMEEC.

The Commission gave Paul Yatcko approval to pursue review of SNEW's reorganization by the CMEEC CEO, especially considering the price tag is expected to be zero.

8. New Business:

Commissioner Westmoreland brought up the Norwalk Walk Bridge project as an issue for the Second Taxing District's consideration. The Third Taxing District has asked him for assistance.

Paul Yatcko is still collecting and reviewing information on what will be impacted, but felt it was minor to the Second Taxing District. He will provide more detailed information in a future meeting.

Commissioner Westmoreland expressed that although the project will cause traffic inconveniences in South Norwalk, and the elimination of an historical landmark, there will be little financial impact on the Second Taxing District.

The Third Taxing District, on the other hand, is greatly impacted by the project (they will lose 17 properties and corresponding revenue) and will be developing a position paper to submit to the DOT during the public comment period open until December 5th, 2016. The Third Taxing District has asked the Second Taxing District to consider signing on and endorsing their position.

No action taken.

Adjournment

Commissioner Borges-Lopez moved to adjourn the meeting. Commissioner Wooten-Dumas seconded.

The meeting adjourned at 8:20 p.m.

Attest:

Lisa G. Roland
District Clerk