

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

November 12, 2019

Present:	David Westmoreland	Chairperson
	Maria Borges-Lopez	Vice Chairperson
	Harold Bonnet	
	Robert Burgess	
	Sandra Stokes	
	Martha Wooten-Dumas	
Absent:	Mary Mann	
Also Present:	Paul Yatchko	General Manager
	Lisa Roland	District Clerk
	Eric Strom	Director of Customer Care
	Alan Huth	Director of Water Operations
	Mike Sutton	Benefit Planning Services
	Kara Murphy, Esq.	Tierney, Zullo, Flaherty & Murphy
Public Present:	None	

The meeting was recorded in its entirety.

Call To Order:

Commissioner Westmoreland called the Regular Meeting of The Second Taxing District to order at 7:00 p.m. on Tuesday, November 12, 2019. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

1. Acceptance of the Minutes:

1.1 Regular Meeting Minutes of October 15, 2019

Commissioner Borges-Lopez moved to accept the minutes. Commissioner Wooten-Dumas seconded.

Minutes were unanimously approved.

(2019-11-12-1.1)

Public Participation

No members of the public were present.

REGULAR AGENDA

2. Select Chairperson & Vice Chairperson

Commissioner Borges-Lopez nominated David Westmoreland to serve as Chairperson. Commissioner Burgess closed the nomination.

David Westmoreland accepted the nomination, and the remaining Commissioners approved the nomination unanimously.

Commissioner Wooten-Dumas nominated Maria Borges-Lopez to serve as Vice Chairperson. Commissioner Burgess closed the nomination.

Maria Borges-Lopez accepted the nomination, and the remaining Commissioners approved the nomination unanimously.

(2019-11-12-2)

3. Health Insurance Discussion

Mike Sutton from Benefit Planning Services presented. Mr. Sutton negotiated renewal with ConnectiCare down to 3%, which essentially covers the new ACS fees instituted for 2020, from an initial request of nearly a 10% increase over last year's premium rates. Mr. Sutton also asked what ConnectiCare could offer at a zero percent increase. The response was an increase to a \$5000 deductible. Mr. Sutton did not obtain bids from other carriers because, from his experience with other clients this year, he did not believe a better bid would be obtained. Oxford UnitedHealthCare is not responding as aggressively as last year for new clients.

Commissioner Burgess asked if the benefits to the employees would remain the same. The response was in the affirmative.

Commissioner Burgess moved to accept renewal with ConnectiCare at the 3% increase. Commissioner Borges-Lopez seconded.

The ConnectiCare renewal was accepted unanimously. (2019-11-12-3)

Mike Sutton left the meeting after the vote.

4. Review of Unaudited Financial Results for the Fiscal Year Ending June 30, 2019

Paul Yatcko distributed a 3 page high level summary of the unaudited financials for fiscal year ending June 30, 2019. The detailed audited report is currently being produced and won't be available until sometime in December.

Although analyses are not complete, Paul Yatcko shared what he knew at this point in time.

The District results were shown on the first page. District revenue is limited to a small amount of interest income and was \$323 less than anticipated. Total District expenses were \$247,000, which were \$146,000 below budget, made up of lower street lighting, lower professional services, and lower A&G expenses. Street lighting expense was about \$81,000 under budget as some street lighting maintenance costs were inadvertently charged to electric operations. The reasons

why this is occurring needs to be investigated and corrected. Additionally, professional services were \$32,000 under budget – lower legal expenses more than offset higher auditing costs. A&G expenses were \$26,000 under, and community service expenses were \$11,000 under. A&G expenses were less due to lower cost of ConnectiCare premiums, employee contribution to their medical plan premiums, and open positions that remain unfilled. The end result was a loss of \$247,000, which was \$146,000 better than budgeted.

Electric results were shown on page 2. Revenues were a little over \$18 million, representing \$782,000 better than budgeted. Key drivers of that result appear to be higher metered sales (two adjustments factored into the increased sales – unbilled revenue, and unbudgeted revenues from the mall and the Marriott) and unbudgeted miscellaneous revenues from Washington Village’s contribution in aid of construction. Both of these items were partially offset by lower than anticipated contribution in aid of construction from the mall.

Commissioner Westmoreland asked what unbilled revenue meant. Paul Yatcko explained that it consisted of services provided that hadn’t been billed for yet. An estimated amount is booked. This has never been taken into account until this fiscal year.

Electric expenses were \$16.1 million, about \$25,000 above budget due to higher transmission and distribution expenses and customer service expenses, which were partially offset by lower A&G expenses. The higher customer service costs were primarily due to conservation rebates. The District gave significant conservation rebates to Washington Village, Nordstrom’s, and several others. It was a very active year for rebates - well in excess of \$200,000. Electric net income was \$1.9 million, representing \$756,000 over budget.

Commissioner Westmoreland asked about the transmission and distribution expenses. Paul Yatcko replied that there is a miscellaneous account under transmission and distribution that needs to be tightened up to prevent changes being allocated to it rather than elsewhere in the budget. Miscellaneous accounts need further refinement to more clearly keep track of what money is being spent on.

Water Operation results were shown on page 3.

Commissioner Burgess asked why there was a negative number shown against the customer care account on the water side. Paul Yatcko explained that the negative indicated an unfavorable variance.

Water revenue was about \$8.5 million or approximately \$.5 million less than budgeted primarily due to a weakness in metered sales. Water expenses were \$9.1 million or \$842,000 under budget as a result of lower customer expenses of which \$84,000 were due to lower meter expenses. Lower A&G expenses of about \$427,000 due to the same 3 factors in Electric results. Continuing, T&D expense

was lower by \$226,000 as unfavorable weather deferred some projects, and pumping expenses were down by \$85,000 due to lower maintenance expenses. The lower costs were partially offset by higher water treatment costs. The water net loss was \$612,000 or more than \$332,000 better than budgeted.

The data needs further analyses to fully explain all the variances, but subject to the Commission's approval tonight, these are the results to be shared with the electors at next week's meeting.

Commissioner Borges-Lopez moved to present the unaudited financials to the electors. Commissioner Burgess seconded.

The Commissioners unanimously agreed to have the unaudited financials presented to the electors at next week's meeting. (2019-11-12-4)

5. Management Update

Reservoir Status:

The reservoirs are at 70% capacity which is right on the 15 year average for this time of year.

Mall:

SNEW's work is just about done. All cable has been installed and terminated. All switches, with the exception of the one six-way switch, have been installed. The six-way switch is expected soon and will likely be installed in December. All accounts have been activated and are being billed.

Water outages:

We have been chasing some leaks but no water main breaks have occurred since the last meeting.

Electric outages:

There have been five outages since the last meeting. Only two of those 5 affected more than three customers:

- October 16 – blown fused cutout affected 47 customers for about 50 minutes.
- November 10 – animal contact on Windsor Place took out 83 customers for an hour and 25 minutes.

Water Filtration Plant:

Phase I of the membrane replacement project has been completed. The

installation and testing was completed, one day ahead of schedule, on October 29th. The remaining membranes will be replaced on a phased schedule over the next few years.

As reported last month, a leak was detected near the dam. A bypass was designed to allow water to keep flowing while making repairs. However, the location of the leak has not been determined. Careful exploratory excavation will be required as the leak is in the supply line from the reservoir into the treatment plant. There is no redundancy at the moment until the temporary above ground bypass line is installed.

Commissioner Westmoreland asked if this was a new leak or something existing for some time. Alan Huth replied that no one had noticed it in the last year, but the location of the leak is in the woods and it isn't a place where there would be a lot of foot traffic. The leak is estimated at 80 gallons a day. Once the repair has been made, a more permanent bypass line may be designed and installed as a precautionary measure for the future. In an extreme emergency, enough water may be obtained from First District and Aquarion to satisfy customer needs. But this is not the desired backup plan.

Commissioner Stokes requested to go back to a previous line of discussion. She asked for a copy of all the open positions. She has observed only one position posted on the SNEW website and asked how many are open. Paul Yatcko replied that four positions (2 Accounting Clerks, Accounting Supervisor, & Key Accounts Manager) were budgeted but the District has not actively tried to fill them.

Commissioner Burgess asked why these positions were not being filled. Paul Yatcko's response was that the accounting clerk positions were currently filled by contractors pending the Director of Finance's review of skills and competencies needed for the positions. Another contractor has been filling two roles – that of Key Accounts Manager and, at for a period of time, that of Electric Distribution Engineer as well.

Commissioner Burgess asked why the District isn't actively recruiting qualified minorities for the open positions. Mr. Yatcko's response was that the District has attempted three times to fill, with no luck, the position of Electric Distribution Engineer. He added that it is extremely difficult to fill positions, in a high cost market, in which the District's salaries are not quite competitive. So it was easier to fill this position [Electric Distribution Engineer] with a contractor.

Commissioner Stokes added that her view point is a bit different from Commissioner Burgess'. While she agrees that the District's recruiting should be diversified, she is more concerned that open positions, especially those at a lower level, be posted and that qualified individuals from either internally, or living within the local community, be given opportunity to apply.

Mr. Yatcko replied that if he were convinced that the right thing to do was to

replace those individuals [accounting clerks] “in kind” under the existing job description, he would have had the positions filled. However, at this time, we [he and the Director of Finance] don’t know what skills and competencies will be needed in the finance group in the future.

Commissioner Stokes continued that she believes the District should be doing a better job [at filling positions], and she would like to know what is open and what is happening. She would like to know overall what is really happening considering that there have been various complaints from the employees in the past. She would like to know the bigger picture and would like an update on the status of open positions at monthly Commission meetings.

Paul Yatcko stated that there is a need to be careful and distinguish the roles of the Commissioners and the role of management. That [roles] is something that concerns him.

Commissioner Stokes also expressed her concern and desire to distinguish the roles.

Commissioner Westmoreland added that he shares the frustration that delays in understanding the function of accounting and finance have caused in filling these positions with permanent employees

Commissioner Stokes continued that she was not referring to just finance.

Paul Yatcko added that when the organizational structure was built four years ago, the position of Accounts Manager was mainly aimed at addressing the Mall and any other large developments that might have occurred, but it was not intended to be a full time position. The skill set required for the position was combined with that needed for Electric Distribution Engineer, and a contractor was found to pull double duty.

Commissioner Westmoreland paraphrased Commissioner Stokes’ request. His summation was that the status of open positions be added as part of the management update. He added that the Commission is sensitive to this issue because of some heat in the past from employees regarding positions not being posted. Paul Yatcko stated that positions are posted, as required. Commissioner Westmoreland added that the Commissioners were not telling the General Manager who, what or when to hire. He believes the request for status is a reasonable prerogative especially since the District is such a small organization. He added that the Commissioners were not trying to overstep their authority or to micromanage.

Commissioner Stokes agreed with Commissioner Westmoreland’s summation, but added that she would also like the roles [of General Manager and Commissioners] delineated. She continued that the General Manager becomes very offensive when asked for particular information so she would like to be

provided with job descriptions [of General Manager and Commissioner]. This is a straight forward request [status of open positions] and she is not asking what happens day to day.

Commissioner Westmoreland suggested meeting for a few hours to discuss the responsibilities of the two parties. Paul Yatcko agreed to setting up the meeting.

Commissioner Burgess asked why the General Manager made the statement that we need to be careful and distinguish between roles. While Commissioner Burgess agrees with Commissioner Stokes that their [Commissioners'] questions be answered, he also understood that the General Manager is in charge of operations while the Commission sets policies.

Commissioner Westmoreland stated that he felt it was still a good idea to schedule a meeting and have an open discussion about the roles.

Commissioner Burgess brought up other business. He wanted to know why there wasn't a Christmas party as part of employee benefits and morale building. Paul Yatcko offered that there is a holiday luncheon during the day. Commissioner Burgess felt the luncheon was not the same as a party as was done in the past. Both Paul Yatcko and Commissioner Westmoreland brought up that with situation they just went through with CMEEC, they were uncomfortable spending money on an outside event at the company's expense. Commissioner Burgess asked whether that wouldn't be the Commissions' decision. Commissioner Westmoreland added that the Christmas Party was discontinued long ago, but Commissioner Burgess felt it should be brought back. Commissioner Borges-Lopez brought up that the party in the past included employees and their spouses, Commissioners and their spouses, and ex-Commissioners and their spouses as well. The party became too costly. Commissioner Westmoreland invited all the Commissioners to attend the holiday luncheon. Paul Yatcko added that it was always a nice event.

However, Commissioner Burgess continued to question why the party was discontinued and why it couldn't be brought back. The response was that maybe the idea could be brought up for next year. In addition, an outside event was not budgeted for.

Commissioner Wooten-Dumas asked regarding the time frame for the holiday luncheon. The response was between noon and 2 p.m. Some Commissioners expressed they were unable to attend during working hours and that the in-house event was geared towards the employees.

Commissioner Westmoreland asked if maybe something could be done for the Commissioners in Wilton in combination with [roles] training and a tour of the Wilton filtration plant.

Alan Huth expressed that it would be a possibility.

Adjournment

Commissioner Borges-Lopez moved to adjourn. Commissioner Burgess seconded.

The meeting adjourned at 7:45 p.m.

Attest:

Lisa G. Roland
District Clerk