

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

July 21, 2020

Present: David Westmoreland Chairperson
Maria Borges-Lopez Vice Chairperson
Harold Bonnet
Robert Burgess
Mary Mann
Sandra Stokes (joined at 7:12 p.m.)
Martha Wooten-Dumas (joined at 7:20 p.m.)

Absent: Robert Burgess

Also Present: Alan Huth Interim General Manager, and
Director of Water Operations
Lisa Roland District Clerk
Kara Murphy, Esq. Tierney, Zullo, Flaherty & Murphy
Eric Strom Director of Customer Care, and
Interim Comptroller
Scott Murphy Director of Electric Operations

Public Present: none

The meeting was recorded in its entirety with the exception of Executive Session.

Call To Order:

Commissioner Westmoreland called the Regular Meeting of The Second Taxing District to order at 7:05 p.m. on Tuesday, July 21, 2020. The meeting was held via web conference initiating out of Fairfield County.

Public Participation: None. No members of the public were present.

1. Acceptance of the Minutes:

1.1 Regular Meeting Minutes of June 16, 2020

Commissioner Borges-Lopez moved to approve the minutes. Commissioner Bonnet seconded.

Minutes were approved unanimously with one abstention from Commissioner Mann.

CONSENT AGENDA

2. Electric Write-Offs – April 1, 2020 through June 30, 2020

Commissioner Borges-Lopez moved to approve the Consent Agenda.

Commissioner Bonnet seconded.

The Consent Agenda was approved unanimously.

REGULAR AGENDA

3. Water Rates - Increase

Alan Huth presented.

A water rate increase of 4.75% was approved for the 2020 – 2021 budget year which commenced on July 1st, and the budget is predicated on this increase. A series of public hearings and notifications are required prior to implementation which at this date means the earliest the increase could potentially be implemented would be January 2021. The question is whether to pursue the increase in light of current events. Commissioner Westmoreland asked for comments/feedback from the Commissioners.

Considering the current economy due to COVID-19, an increase would place additional burden on already financially strapped customers. The commissioners discussed postponing an increase although this continues to place a cash flow burden on the District's water operations. The increase of 4.75% for a full year would have resulted in approximately \$200,000 in revenue. Postponement of this increase will result in the need for a larger rate increase in the future, especially considering that much needed increases have been continually postponed for one reason or another since the year of the drought four years ago.

Commissioner Westmoreland proposed tabling the increase for this fiscal year, but incorporating a 10% increase the next fiscal year. Commissioner Mann felt that such a large increase would spark outcries from the community. Commissioner Stokes agreed that a 10% increase would not go over well. Commissioner Westmoreland reminded the Commissioners that a 25% increase was implemented in 2012. Commissioner Borges-Lopez added that continually postponing increases so as not to upset constituents eventually results in the need for a much larger increase. However, given the current circumstances, she felt tabling for this year, with a larger increase the next, was reasonable.

Commissioner Westmoreland asked for a pro forma to ascertain the impact of not implementing the increase this year. Attorney Kara Murphy suggested postponing any decision until the next meeting. Commissioner Borges-Lopez asked if anything could be cut in the budget to minimize the impact of the lost revenue. Alan Huth stated that some cutbacks could be made in payroll and a presentation could be made the next meeting. Commissioner Westmoreland didn't think there was much that could be cut out of the current budget. The budget is pretty tight, and the staff already does so much of the work themselves there is little fat to cut.

It was agreed by all to entertain a financial presentation next meeting in order to decide whether or not to move forward with a rate increase.

4. Financial Statements – June 2020

June 2020 preliminary financials were completed. There is some depreciation that hasn't been accounted for.

Unrelated to this topic, Commissioner Stokes thanked Alan Huth for the emailed updates regarding the happenings at SNEW. She greatly appreciated the information. Commissioners Westmoreland, Borges-Lopez and Mann agreed.

5. Street Lights

The Electric Department contracted with Tanko Lighting to perform an engineering study on the District controlled streetlights. Recommendations were made and 6 LED sample streetlight heads were installed on Glasser Street. These are the standard overhead cobra style and all were 3000k on the color spectrum, which provides a warm and neutral light. They ranged between 20 and 23 watts. Alan Huth did an on-site walk-down and decided he preferred the Cooper brand. He would like to get the Commission's approval to go with the Cooper brand cobra head and get started on replacing the standard overhead streetlights.

The District also has ornamental lamp posts. Work on these will be treated as a separate lighting project. The domes will be replaced to address discoloration as well as to prevent light being shone upwards where it isn't needed nor wanted. Additionally, the posts need repainting. The lighting study recommends replacing the bulbs with LED. SNEW will be installing sample fixtures and LED bulbs on State Street for demonstration and selection purposes.

Commissioner Westmoreland asked for confirmation on where the funds for these lighting projects were coming from. Alan Huth and Eric Strom confirmed the funds would come from the Conservation account held at CMEEC but can only be withdrawn upon receipt of invoices.

Commissioner Stokes made a motion to replace the standard cobra style streetlight heads with Cooper brand streetlight heads. Commissioner Borges-Lopez seconded.

The motion was approved unanimously.

6. Legal Counsel Annual Retainer

Attorney Kara Murphy was placed in the virtual waiting room for the length of this discussion.

Alan Huth presented. The annual retainer and the hourly rate for legal services

from Tierney, Zullo, Flaherty & Murphy remain the same at \$10,000 and \$300/hour, respectively. Alan Huth recommended renewal with the firm. The firm has a long history with SNEW, they are currently representing SNEW on a several matters, and there is no reason to change legal representation. The firm has done, and continues to do, a good job for SNEW. Commissioner Westmoreland did not advocate a change.

Commissioner Borges-Lopez moved to approve the retainer and legal representation from the firm. Commissioner Mann seconded.

The motion passed unanimously.

7. CMEEC Annual Distribution

Commissioner Westmoreland explained that CMEEC divvies its profits each year amongst its members and the funds can either remain in a member's account at CMEEC or be taken in cash. SNEW elects to maintain the funds at CMEEC to give SNEW a greater share of equity in CMEEC and to improve CMEEC's credit rating. In the past, most of the money has gone to the rate stabilization fund, with some to the municipal trust, economic development, and conservation funds. The rate stabilization fund is the fund from which \$600,000 was withdrawn in order to provide a credit to electric customers in April and May. The remaining balance is \$8 million.

SNEW is currently trying to decide what to do with the old power plant on State Street. An engineering study estimates that cleanup will require between \$1.4 and \$2.4 million. Commissioner Westmoreland would like to use funds held at CMEEC for this purpose because those funds are not ratepayer generated.

This year's distribution is expected to be between \$1 and \$1.4 million. Commissioner Westmoreland is recommending that the whole distribution be deposited into the municipal trust fund which allows for flexibility in the use of these funds whereas the rate stabilization fund does not.

A resolution is required in order to have CMEEC direct SNEW's distribution entirely to the municipal trust fund.

Commissioner Westmoreland read the Resolution, appearing on the next page, and to be signed by Lisa Roland.

RESOLUTION
Regarding the 2019 CMEEC Equity Distribution Allocation

WHEREAS, The Second Taxing District of the City of Norwalk (“the District”) and South Norwalk Electric and Water (“SNEW”) joined the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) in 1987;

WHEREAS, in 2003, CMEEC and its member utilities created the Municipal Competitive Trust (“Trust”) in order to manage certain member funds;

WHEREAS, as set forth in the Membership Agreement between the District and CMEEC, the District and SNEW will be receiving an Equity Distribution allocation from CMEEC for profitable projects and investments in 2019; and

WHEREAS, the District and SNEW may determine the means and method to manage the Equity Distribution allocation from CMEEC.

NOW, THEREFORE, the District Commission herein authorizes the District and SNEW to manage the 2019 CMEEC Equity Distribution allocation as follows:

Resolved, that the 2019 CMEEC Equity Distribution allocation shall be invested into the aforementioned Trust until such time as the District and SNEW require disbursement of funds for improvement of the power plant property and/or such other District and SNEW projects as may be authorized by the Trust; and

Resolved, that the District Chairman shall be authorized to notify CMEEC of the District’s resolution regarding the 2019 CMEEC Equity Distribution allocation.

Dated on this 21st day of July 2020 at Norwalk, Connecticut

Lisa Roland
District Clerk

Commissioner Stokes asked why a portion couldn't be allocated to the rate stabilization fund. The response from Commissioner Westmoreland was that while we could certainly allocate some of the funds to the rate stabilization fund, that fund already holds a very healthy balance of \$8 million. Allocating to the municipal trust will allow the funds to be used for other projects including the plant cleanup.

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

The Resolution was approved unanimously.

8. Management Update

Alan Huth presented.

Reservoir Status & Demand Update:

As of yesterday, we are at 79.5% of capacity. Our first drought trigger for the week is 68% so we have a 10.5% spread.

Leak Detection & Repair:

We have found and repaired 12 leaks, totaling approximately 27 million gallons of water saved over the course of a year or a week's worth of plant output.

Water Main Breaks:

No water main breaks since March 2020.

Electric outages:

There have been nine outages since the last meeting.

6/17 – 14 customers affected for 45 minutes due to blown cutout.

6/18 – 80 customers affected for 40 minutes due to animal contact.

6/19 – 82 customers affected for 4.6 hours due to a connection failure and a burned wire.

6/20 – 476 customers affected for 1.2 hours due to suspected animal contact.

7/3 – 17 customers affected for 1.6 hours due to animal contact.

7/3 – 19 customers affected for 1.7 hours due to a transformer failure.

7/7 – 108 customers affected for 20 minutes due to a transformer connection failure.

7/15 – 1 customer affected for 3 hours due to animal contact.

Water Quality:

Water quality remains good. No problems with algae in the reservoirs. No copper sulfate treatment has been required.

COVID-19 Update:

Mandatory mask use and self-quarantine requirement if having traveled to one of the high risk States identified by the Governor.

Vehicle sales:

Scott Murphy sold three of our old vehicles – 2 bucket trucks (for \$14,000 and \$6,500) and a Buick Lucerne (for \$1275).

State Street Conference Room:

Lights in the State Street Conference Room were replaced with 3000k LEDs on dimmers.

Commissioner Stokes wanted to know where/how the trucks were sold. Alan Huth replied they were sold through a municipal bidding website called Municibid, which SNEW has used in the past.

EXECUTIVE SESSION

Pursuant to CT General Statute Section I-200(6)(A) a discussion concerning the employment of a public officer or employee.

Commissioner Borges-Lopez moved to enter Executive Session. Commissioner Stokes seconded. The Commissioners, Lisa Roland and attorney Kara Murphy entered Executive Session at 7:48 p.m.

Commissioner Stokes moved to exit Executive Session at 8:10 p.m. Commissioner Borges-Lopez seconded.

Adjournment

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

The meeting adjourned at 8:11 p.m.

Attest:

Lisa G. Roland
District Clerk