

SECOND TAXING DISTRICT
Annual Electors' Meeting Minutes
November 21, 2017

Electors Present:	Maria Borges-Lopez	James Clark
	Dawn Delgreco	James Delgreco
	Antoinette Dumas	Mary Geake
	Lorrie Mann	Mary Mann
	Michael Mushak	Ian Soltes
	Thomas Soltes	Sandra Stokes
	Antoinette (Toni) Van Loan	
	David Westmoreland	Martha Wooten-Dumas
Also Present:	Paul Yatcko	General Manager
	Lisa Roland	District Clerk
	Kara Murphy, Esq.	Tierney, Zullo, Flaherty & Murphy
Public Present:	None	

(There were a total of 15 Electors present for the Annual Meeting)

The meeting was recorded in its entirety.

1. Call the Meeting to Order

David Westmoreland called the Annual Meeting of the Electors' of The Second Taxing District to order at 7:11 p.m. on Tuesday, November 21, 2017. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

The District Clerk confirmed the presence of a quorum.

2. Legal Call

The District Clerk read the legal notice.

Sandra Stokes moved to accept the legal call. Mary Geake seconded. The call was accepted unanimously.

3. Election of Electors to Ethics Committee

Paul Yatcko summarized the rules of the election process. No written nominations were received by the District Clerk, thus nominations were taken from the floor.

No more than four per party are allowed. The following nominations were made:

Jim Delgreco	Unaffiliated
Jim Clark	Democrat
Tom Soltes	Republican

Ian Soltes	Republican
Dawn Delgreco	Unaffiliated
Toni Van Loan	Democrat
Mike Mushak	Democrat

All nominees accepted. Mary Geake moved the ballot. Mary Mann seconded. The ballot was accepted unanimously.

4. Review the Unaudited Financial Report of the Second Taxing District for the Fiscal Year July 1, 2016 – June 30, 2017

Jim Clark moved to place the item on the floor. Sandra Stokes seconded.

Paul Yatcko made the presentation. For the second year in a row, the annual audit has not been completed in time for the Electors' Meeting. An unaudited report is being presented. A few adjusting entries will be required in order to complete the formal audit. The final report is anticipated within 2 to 3 weeks.

The first statement being presented is that for the District. Revenue came in at \$162 under budget due to over estimation of interest.

In expenses, the salaries were right on and a very easy thing to budget. The Community Service Projects expense appears to be nearly \$8000 over budget. However, a double entry was made for the Mayor's Summer Employment Program, the correction of which will result in \$7000 under budget. Street Lighting expense appears to be under budget by \$62,000, or 36%. This item also requires adjusting entries. Charges were erroneously posted directly to the Electric Budget. Once corrected, the figures should be right on budget. Legal and Accounting came in under budget due to an over estimation of legal fees. Although the estimate was reduced from last year due in large part to having completed the Ryan Park litigation, it wasn't reduced enough and the actual expense came in at \$56,000, or 25%, below budget. Labor costs for Meetings, Printing and Other came in much less than budgeted, resulting in a savings of \$28,000. Insurance and Taxes expense is showing under budget by \$3,200 because charges were made to directly to utility accounts. Adjusting entries are required. Net net operating expenses were approximately \$300,000, resulting in nearly \$105,000 under budget.

Jim Delgreco asked if the numbers presented were going to change and if the final number would be closer to the budgeted \$405,000? Paul Yatcko replied in the affirmative, and David Westmoreland added that the number would be closer to the \$405,000 budgeted, but still under.

The next statement discussed was for Water Operations. Total Operating Revenue came in at \$165,000, or 2%, below budget. Water use being weather driven, it is difficult to accurately predict sales and this is very close.

Water Supply Expense came in over budget by \$16,000, or 9%, due to consulting

costs and additional labor resulting from the drought. Pumping costs and Water Treatment costs came in below budget. These two line items are typically over budgeted to account for warmer than normal summer weather which didn't materialize this year. Transmission and Distribution was pretty much right on budget. Customer Accounts were 14%, or \$81,000, below. This line item contains a number of smaller activities which may or may not come in on budget and therefore are difficult to predict accurately. Administrative and General Expenses came in at \$429,000, or 12%, under mostly because the OPEB expense entry (about \$180,000) hasn't been included yet. Net net Total Operating Expenses came in at a little less than \$9 million, or \$828,000, below budget, representing an 8% variance. Coming in under budget is anticipated even after the adjusting entries (OPEB and others) have been made. The Operating Loss at this point in time is \$241,000, which is well below the budgeted \$904,000.

Jim Delgreco asked whether any numbers would change from those presented because of the unaudited figures.

Paul Yatcko replied that the adjustments still required (OPEB for one) will not result in significant changes. Changes in the big variance areas such as Pumping and Water Treatment are not expected.

Jim Delgreco noted that the numbers as currently presented show a large variance. Paul Yatcko replied that a large variance is not historically inconsistent. He explained that budgeting for contingencies such as warmer than normal weather, which may not materialize, will result in lower than budgeted figures in Pumping and Water Treatment expenses and, thus, a large variance is possible. However, since no one can predict the weather very far in advance, it is better to have the money already allotted if needed.

Jim Delgreco wanted to know what this year would be categorized as. Paul Yatcko responded that it wasn't abnormally hot, but it was abnormally dry (especially from mid-September through late October).

Jim Clark asked if a 5 to 10 year history of the variances on this particular line item could be provided so as to better understand how weather can impact the budget. Paul Yatcko agreed to provide the requested figures.

Jim Delgreco asked what the water level was at this time. Paul Yatcko replied last week's level was about 49-50%, which is 10% lower for this time of year than typical, but still 20% ahead of the level at this time last year (just after Thanksgiving 2016).

The next statement is for Electric Operations. Total Sales Electricity has consistently come in under budget for the past few years. While there is no hard data as to why, Paul Yatcko's hypothesis is that continued conservation and energy efficiency measures in both commercial and residential sectors continue to reduce electric demand. Total Sales came in nearly \$1 million, or 6%, below budget. Total Operating Revenue came in \$1.7 million, or 10%, below budget. However, the budgeted figure

included anticipated 'contribution in aid of construction' from the new mall build. Construction delays resulted in expenditures and, thus contribution aid, not being made.

Purchased Power Expense was below budget by nearly \$600,000, or 6%, due to less power being sold. Transmission and Distribution Expense also finished below budget by \$139,000, or 11%, due to fewer overhead and underground maintenance activities being performed. Customer Accounts is under budget by \$201,000, or 25%, because of labor costs and grants coming in lower than anticipated. The Administrative and General Expense is showing \$361,000, or 13%, better (lower) than anticipated (budgeted), but that's because OPEB costs (in the range of \$180,000) haven't been included. Additionally, some maintenance activities budgeted for didn't occur. Net net Total Operating Expenses were \$1.5 million, or 9%, below budget. Operating Income was about \$509,000, or \$148,000, under budget. This figure will decrease once the OPEB expense has been incorporated.

Toni Van Loan asked about the recent significant electrical outages. Paul Yatcko replied that one was the result of a lightning strike – it blew the cut-outs right off the cross arm and resulted in equipment in the street. In another incident, a side tap (a piece of secondary wire) came down and laid across a primary, taking almost the whole feeder out of service.

Jim Delgreco asked how the new power substation has affected, or not affected, electric rates, budgeting etc. Paul Yatcko replied that a rate increase hasn't occurred in the time he has been with SNEW (almost 3 years). David Westmoreland stated there had been a power purchase adjustment, but not a rate increase, some time ago. The substation was revenue-expense neutral because the payments SNEW makes for interest on the \$10 million in bonds is roughly equivalent to the amount of charges it was paying to CL&P (now Eversource) for a feeder line up on Route 7. The substation has allowed SNEW independence from CL&P to fix any issues with that feeder line. It has also saved SNEW money in that it doesn't have to pay CL&P increased charges for the feeder line going forward. Although the substation is still dependent upon CL&P's 115kV system, vulnerability is not at the level that it was before the substation was built.

David Westmoreland stated that the last big outage SNEW experienced was as a result of Hurricane Irene when SNEW customers were out for about 17 hours. Hurricane Sandy only affected SNEW customers for about 30 minutes.

Jim Delgreco continued to express his concern with the double pole situation and wanted to know what can be done to resolve the issue. Paul Yatcko replied that SNEW continues to push to have the telecommunication and cable (Frontier and Cablevision) companies remove their equipment. This kind of work represent costs, not revenue, for these companies and they are in no hurry to do it.

Jim Delgreco wanted to know if legislative representatives could assist in resolving the double pole issue. Paul Yatcko replied that it was a possibility.

Jim Delgreco asked the status of the old power plant property. Paul Yatchko replied that an appraisal was performed, that the building doesn't have physical value, that the cost of demolition and clean up would most likely eat up any value in the real estate property, and that he was more interested in consolidating SNEW's 3 facilities into one location rather than to just get rid of the old power plant. This effort is not an initiative for this year and would take longer than one year to accomplish.

5. Set the Compensation for Elected Officials of the Second Taxing

Jim Delgreco motioned to set the compensation for the Commissioners the same. Sandra Stokes seconded.

Maria Borges-Lopez, Martha Wooten-Dumas, Mary Geake and Mary Mann abstained. The motion passed.

Jim Delgreco motioned to set the compensation for the Treasurer the same. Jim Clark seconded.

Martha Wooten-Dumas abstained. The motion passed.

6. Adjournment

Ian Soltes motioned to adjourn. Dawn Delgreco seconded.

The meeting adjourned at 7:45 p.m.

Attest:

Lisa G. Roland
District Clerk