

SECOND TAXING DISTRICT COMMISSIONERS
Regular Meeting
September 13, 2011

Present:	Mary E. Burgess	Chairperson
	Al Ayme	Vice Chairperson
	Maria Borges-Lopez	
	Mary Geake	
	Sherelle Harris	
	Mary Mann	
	Cesar Ramirez	

Also Present:	John M. Hiscock	General Manager
	Gwendolyn Gonzalez	Asst. District Clerk

Public Present: None

Call to Order

Chairperson Mary E. Burgess called the Regular Meeting of the Second Taxing District Commissioners to order at 7:00 p.m. on Tuesday, September 13, 2011. The meeting was held at South Norwalk Electric and Water, One State Street, South Norwalk, Connecticut.

Acceptance of the Minutes

Commissioner Burgess: "I will call this regular meeting of the Second Taxing District Commissioners to order, Tuesday, September 13, 2011 at 7:00 pm. I need a motion for acceptance of the meeting minutes of August 16, 2011."

Commissioner Ayme: "So moved."

Commissioner Mann: "Second."

Commissioner Burgess: "Are there any corrections?"

Commissioner Ramirez: "Just for the record I would like to abstain please because I wasn't here."

Commissioner Geake: "And I would like to abstain too because I wasn't here."

Commissioner Borges-Lopez: "And I would like to abstain too."

Commissioner Burgess: "All in favor?"

Simultaneous: "Aye."

Commissioner Burgess: "Apposed?"

No Apposed

Commissioner Burgess: "We already got this. Okay? Water Rate Increase."

Commissioner Mann: "What a lively conversation."

REGULAR AGENDA:

Mr. Hiscock: "I apologize of the little error that we made in one of the tables. As you know from my memorandum it didn't affect the report. It was one comparison of our outside the district rate and it affected a series of tables, because tables and charts were created from that so we gave you the corrected sheets and highlighted in blue what we changed and the real bottom line is that this chart that you saw, here had a wrong number in it and here it had the correct number. We picked the wrong number of and generated a lot of information. The long and the short of it is on this chart, that number we originally sent to you was \$100 and change and it was actually \$103.02. Still not a big difference but there was an error so we felt it was really important to let you know, so we sent it out and we're sorry about that. We did discover it on Friday and we met yesterday morning trying to figure out the best way to deal with it and as you can see from my memorandum we will be happy to change anybody's booklet or you're free to take the blue highlighted and insert it yourself. Either way we will have an official non-highlighted version with a revision date on the bottom of it just to make sure that what we refer to is the correct report. So having said that, and if anybody has any questions about that I certainly can answer them. Now, we really changed nothing in the report from last month other than we put an effective date of October 2011 in it, we added a series of schedules, not even series of schedules. We put the water five year capital budget in the back of it this time so that you realize the extent of the capital budget and that this rate increase would allow us not only to pay debt but to continue a reasonable capital budget program over the next five years. I didn't discuss any of these at the last meeting, but you can certainly see what they are and the two big items, just look at the last page in the books. It's repeated in three or four places. The real issue that we have is the Price Street tank and the Summit Avenue tank are both in need of painting and really, I don't know if anybody has looked at the Price Street tank. The Price Street is Connecticut and Scribner just behind the shopping center where the restaurant bar Rowley's is. If you look at that tank it's in awful condition. Price tag of six hundred thousand dollars to paint the tank and the reason, and I will say that we're hoping that it's not six hundred thousand but that is the estimate that we received from our tank painting consultants who we dealt with for quite a few years and have done a really good job for us. The problem is that today when you sand blast anything that has paint on it, we actually have to build a scaffold around it, we have to enclose it, we have to then filter the air coming out of it and all sorts of environmental issues. I remember getting into this business in the 70's, and we go out in the middle of the afternoon, a guy would hang off the side of the tank, off a rope, he'd have the blast equipment and he'd be blasting off the outside of the tank and there'd be dust all over the place and we'd have claims for car damage and house damage. It just isn't that way anymore. First time we ran into this was on our Witch Lane tank quite a few years ago. The good news on both of the tanks we're talking about, both Price Street and Summit Avenue, we previously gotten the lead primer off the tank because that even adds to the cost, that's even worse when you have lead on it. So out of this five year budget essentially a million dollars is tank painting, big numbers and things are not inexpensive. That's all I can tell you, but I felt it was appropriate for you to see that we're talking about capital budget in 2011-12 of three hundred eighty current year, 2012-13 of a million, 2013-14 of a million one two six, and then dropping down to six forty two and then seven thirty nine. I'm not saying that if we had a financial situation that some of these projects could not be deferred. That's not what I'm indicating but certainly not a large portion of it. Tank painting is important. The worse it gets,

the more expensive it is to clean up and paint. So that's the real new document that we've added to this report in addition to the date. Yes."

Commissioner Burgess: "This is on this new document right?"

Commissioner Ramirez: "Right, pertaining to this. Yes."

Mr. Hiscock: "Yes."

Commissioner Ramirez: "Do you entertain question right now?"

Mr. Hiscock: "Sure, absolutely. Please ask as we go because no sense of holding them to the end."

Commissioner Ramirez: "Right, pertaining to this fee here, do you have just one person that, I mean just one vendor? Have you checked with any other people also in the market doing the same thing? I know it's a lot of money."

Mr. Hiscock: "Yes, this is only the estimate from the painting consultant. He's a hired engineering consultant who works with us with the specifications. This project gets put out to public bid so that the consultant's portion is probably less than five thousand dollars on each tank. He simply makes sure our specs are updated, makes sure the painting scheme that we're using is the most modern painting scheme and makes sure that the contractor who does the painting does the correct job. So these two numbers here will go out to standard bid in accordance with our purchase policy advertised, sent out to all the painting contractors in New England, and we probably will get a significant number of bids."

Commissioner Ramirez: "Okay, thank you."

M. Hiscock: "We would never ever do a project that size with just getting a price from one individual. That's just, actually that's a violation of State Law to do that."

Commissioner Mann: "Yes it is."

Commissioner Burgess: "Okay, May I say something?"

Mr. Hiscock: "Yes."

Commissioner Burgess: "I don't believe there should be a whole lot of questions because we discussed this at length at the meeting last month and our discussion is all in the minutes. So..."

Commissioner Ramirez: "With all due respect to our Chair, if I wasn't here and I read the minutes, I do believe that I do have the right to ask questions."

Commissioner Burgess: "Oh you have a right, yes, but I don't..."

Commissioner Ramirez: "It's pertaining specifically to a specific question. I don't want to elaborate anymore, but I just want to be clear, that that is the understanding. Thank you. Understood. Thank you."

Mr. Hiscock: “As I indicated in the report, because we set an October 1st, 2011 date for implementation for the first year of this rate increase, we will not receive all the cash indicated in the cash flow statement. That is not something that we haven’t anticipated. We were fully aware of that. Really what it does is it may delay our cash position by about three months, it’s not terribly significant. It will certainly be sufficient with respect to the credit agencies and our covered ratio because our covered ratio will change the minute we implement, they don’t look at the history of the covered ratio really once you’re actually taking action. We’re doing something else. We had discussions with our auditor from Hope and Hernandez, Bob Bailey. We’re concerned about the opening balances in our budget and we’re concerned because we keep trying to reconcile cash against what’s in the budget. The budget shows significantly less cash than we end up with at the end of the given year. I’ve had two conversations with him and Vivian Rodriguez. Kevin has had several conversations and as we get deeper into the audit we’re actually going to sit down with Hope and Hernandez and go through our methodology for establishing those balances to try to make sure that we’re correct, because we really don’t want to be in a position where we continue to show in the budget balances that are lower than, and lower obviously, you understand the negativity issue that it’s more negative, than the actual cash flow, and we are looking in a couple of areas with respect to how we do with preliminary survey and at what point it becomes a preliminary survey as a project what you might do that would either be capitalized or written off and we might have a problem there where we double dipped and took it off the balance when we put it in preliminary survey and then when we wrote it off we didn’t add it back in to the opening cash balance because then it becomes something like depreciation it’s not an expenditure. So we’re going to look in detail with Bob Bailey about that and I think we’re going to ask Bob to come to a commission meeting separate from the audit to discuss that with you if we find significant changes. I just think it’s appropriate that we have a concern and we want to make sure that we’re doing this correctly. That’s really all that has changed. I’m certainly able to answer any question certainly for those who were not at the last meeting. I’m sure you read through this and looked at it again after our discussion at the last meeting and really understand what the issues are. Alright, another comment I do have for you is that we will, if the commission agrees to an increase we will send an individual letter out to every customer which is customarily how we do it. We simply will do a first class mailing with an explanation to each customer. Each account will receive a letter. Not...”

Commissioner Ramirez: “You’re reading my mind.”

Mr. Hiscock: “Not that they...”

Commissioner Burgess: “They’re going to read them.”

Mr. Hiscock: “Well not that they will be happy with what they read but at least they will be provided an explanation and they hopefully will understand that we take increases seriously and do them reluctantly.”

Commissioner Ramirez: “I think that would show that out respect and being very professional conducting businesses and they will be sure that the majority will understand the reason why. That’s quite a fair I believe that is quite right to do so.”

Mr. Hiscock: This document is a public document and it’s possible it will get picked up by the local media, I don’t know. I really have no idea, if one of the reporters happens to be a customer they may pay attention to the document, but it will be a public document and that’s, and I think I mentioned this the last time, that’s why we provided a significantly a greater amount of information

this time than in the past and a significantly more detailed explanation of the reasons for the increase and the need for the increase.”

Commissioner Mann: “I just would like to say thank you for the customer affect of the rate increase not that I’m looking forward to a rate increase, but you know, it makes me feel a little better.”

Commissioner Ayme: “Yes.”

Mr. Hiscock: “Yes, this was in response to your concern in the last month. I realize that while it was in the report it was much better to lay it out right here in the letter saying you know, five seventy two per month for in the district and eight fifty eight for outside and it’s money it’s significant money, but it’s certainly nowhere near the magnitude of what we bill for electric.”

Commissioner Ayme: “The letter included. The letter to be included for the users, we were talking in our last meeting that perhaps we can include something about the filtration plant like a little bit of an explanation or...”

Mr. Hiscock: “I think what the letter will basically explain is that the main purpose of the increase is to cover debt service for the filtration plant, that it’s completed, it’s on line, it’s in service and that in addition to that the cost of electric and chemicals the things we generally say. Labor hasn’t increased. While we’ve given small increases in recent years and increases that are small because they match the CPI, not that we were giving wage increases that were small in relationship to a CPI, but we, you know we’re trim workers we’re trim workforce. We have a lot of open positions, we have... I can’t say in one utility vs. the other, but individuals who primarily get charged to the water utility there are vacancies and individuals who primarily get charged to the electric utility there are vacancies, so hopefully there will be some understanding on the part of the customers and certainly the media if they pick it up.”

Commissioner Burgess: “So the action required to vote to approve the rate increases. I want to go on record saying I’m not happy with it but I understand the reason for it.”

Mr. Hiscock: “Yes, I think the report is recommendation of staff. This is a joint effort by staff as far as tables and charts and information, but I want to make it clear that this is my recommendation. Please don’t tag staff with it, it’s not theirs, they did a lot of the leg work, they prepared portions of this and I like to acknowledge their effort, but on the other hand this is my recommendation based on information that you see in this document and it’s not a pleasant thing to recommend to you but its reality and it’s a necessity.”

Commissioner Burgess: “Are there any questions especially on the last letter?”

Commissioner Borges-Lopez: “May I make a motion to approve the rate increase.”

Commissioner Burgess: “Yes you may.”

Commissioner Geake: “I’ll second it.”

Commissioner Ayme: “Do we have to specify 25% rate increase?”

Mr. Hiscock: “I think the motion could to be in accordance with the report dated September 2011.”

Commissioner Borges-Lopez: "In accordance with group report of September 9, 2011, I make a motion to approve the rate increase."

Commissioner Geake: "And I'll second it."

Commissioner Burgess: "Okay, any questions? All in favor?"

Commissioner Ayme: "Aye."

Commissioner Geake: "Aye."

Commissioner Ramirez: "I like it to be in the records and through the chair that I'm not totally agree with this increase but I guess at this point we have no choice. If we have a choice of a definite suggestion but at this point I don't have any so..."

Commissioner Burgess: "Any Aye's?"

Commissioner Ayme: "For the vote?"

Commissioner Burgess: "Yes."

Simultaneous: "Aye."

Commissioner Burgess: "Nay's?"

No Nays

Commissioner Burgess: "Abstentions?"

No Abstentions

Commissioner Burgess: "Okay."

Mr. Hiscock: "And I will do my best to deal with the media situation and the customers. The other item on the agenda we've tabled at the last meeting. I gave a brief explanation just for a couple of minutes but we certainly did not have the opportunity to discuss this issue, and the primary issue and I'll certainly go back over what I mentioned briefly at the last meeting, is a trying to make a determination if consolidation of the workforce to a single site is going to be cost beneficial to the department and the first step in doing that would be to make a determination if we can actually fit all of our staff in our facilities in the vicinity of this site. The State Street site we believe is convenient for several reasons, one it's sort of central in the district, a significant number of our customers can actually walk to the site, at least the electric customers. I'm not saying the water customers, but the electric customers. It's the largest area that we have, we have the most facilities at this particular location and we have the most vacant underutilized space at this location also, but in order to make a determination if it's feasible based on the zoning, based on the condition of the existing buildings, I believe that we need to hire an Architect to provide any information and a study, come to the commission to discuss the conclusions and make not a recommendation but to give to the commission a feeling as to whether or not it would be possible to do that. As part of

attempting to do this we need to look at everything that we own and we don't own much that isn't being currently utilized and I included in the book a little tiny map. We own, we go for smallest parcel first, we own a small parcel at 28 Lawrence Street, it used to be a substation, it was a substation that was stead by a what we call a home run, it's sort of slang, a single feeder from State Street, fed at 4160 and dropped down to 2200, inefficient, conversion the utility and I believe in the 60's and 70's did conversion. It fed the area Shorefront Park extension to Marvin Beach that we take care of, Quintard, Lincoln, Woodward and Lawrence, it fed that general area. The conversion to a higher voltage allowed us to transmit power from the State Street substation, so the 28 Lawrence Street substation was dismantled, abandoned, the steel frames were taken down. In recent, recent time, let's put it in the last ten to fifteen years, it's been used for storage. Some of the things that, some of the items that we own contain a significant amount of copper. It's not really a good idea to leave anything that contains copper anywhere where somebody can get it."

Commissioner Borges-Lopez: "It's a hot item."

Mr. Hiscock: "Lawrence Street would be a little difficult to protect. I mean it's fenced and all of that. In recent years we have pulled everything off the site. There may be a little bit of material there but we consolidated all of that material at the yard at what we call old St. Ann's which is now the site of the new substation. Moving to that site and there's a plan in here, and Lawrence Street is here and you can see it's very small. It's fifty by one hundred twenty six one way and it's fifty by two hundred another way, it's a very small lot. I will say that I don't believe this lot has significant value and the reason I don't believe this lot has significant value is its historic use. It's been a substation for a long time and housekeeping practices thirty and forty years ago were not very good. It would be a, excuse me, under the environmental transfer act it would be a site requiring a phase two study. The other issue you all know what backs up to this 'Junk yards'. I'm not comfortable with the environmental condition and I will tell you that, and I don't mind saying it on the record, anybody who looks at it will clearly know. I don't consider the site to be of tremendous value, although we have not had it appraised and I don't have intention of doing that or even ask the commission at this point for money to do that. Further back you will see a foldout of the St. Ann's site, this one, the big triangle. From approximately here over is where we store transformers, poles, light poles and other equipment now and if you drive down there you can see the gate, the fencing and its all sitting out into the open. It is open, visible and fairly well lit. We feel reasonably comfortable, although we did have two years ago a theft of copper from that location. Several transformers were pulled through the fence down along the railroad embankment stripped of copper and we found them, we took care of the fence. We're now storing, and I will explain that in a minute, some of the more expensive things here at State Street. We don't know how much of the storage area will be left but there may be some storage left at this location and the left hand side is where the substation is going and that project is moving along quite well so we own that. The last page foldout is the Water Street site. This is a really old survey. It's a significant site. Obviously the district, actually the water department on behalf of the district, in 1964 built the building that's there. Prior to '64 we were in the basement of City Hall, the old City Hall in South Norwalk and something I never saw but I was told on Franklin Street we had a shop. I never saw Franklin Street. I don't really know. Some of you may remember it. Some of you are too young to remember it I guess. This parcel now is utilized for Technical Services, Accounting, Administration and the construction crew reports to this location. The back of the property is the construction yard, it's a construction yard that has existed since 1964, it is in the marine commercial zone and our use of this is grand fathered, and that's another issue in consideration. Construction yards are extraordinarily difficult sites today, nobody likes the dust and the dirt and the noise and it is in non-conforming use, but the site is significant it's 1.384 acres it's not a small site."

Commissioner Burgess: "May I ask a question?"

Mr. Hiscock: "Yes."

Commissioner Burgess: "Would we be, depending upon how these studies should come out, would we be thinking of selling that piece on Water Street. If we are, I'm hoping we're going to sell it to Donald Trump rather than the City."

Commissioner Ramirez: "I don't think we will be selling any property right now."

Mr. Hiscock: "I, it's a bad time to be selling anything obviously."

Commissioner Burgess: "I know that."

Mr. Hiscock: "And I don't think that anything that would occur as a result of this work is going to be in the near future."

Commissioner Burgess: "Well we can hang on to it without it costing us."

Mr. Hiscock: "It may be surplus at some point and the commission would need to make a decision about that."

Commissioner Burgess: "No, I'm saying to just hang on to the building, we would still cut back on cost tremendously."

Mr. Hiscock: "Yes."

Commissioner Burgess: "Okay."

Mr. Hiscock: "Absolutely, because you know, as I mentioned before some of the bazaar things that we deal with that cost money, our phone situations, copiers, printers, support, here, there, everywhere, it all adds up. You know it looks, you know, two hundred dollars a month rental for this, three hundred dollars a month rental for this, two postage meters, I mean it's, and you don't really think it's a big deal until you start looking at it. Okay? But yes, it would be possible to hold on to the facility. We do not pay taxes so the carrying cost is almost not-existent. We do not pay taxes."

Commissioner Borges-Lopez: "We don't pay taxes?"

Mr. Hiscock: "We don't pay taxes. We're exempt. Because we are a government form, we're exempt from property tax in our own city. It is not true in..."

Commissioner Borges-Lopez: "Oh, okay, in our own city."

Mr. Hiscock: "It is not true in Wilton and New Canaan."

Commissioner Borges-Lopez: "It's about time. See what happens..."

Mr. Hiscock: "Both to whom we pay very large dollars to for what we own, a significant cost of the filtration plant complexes taxes. Between the land and the plant we're in the four hundred thousand dollar range. That's a lot of money but that's the way it is. Some of us believe that it's nothing more than the affluent suburbs fleecing the inner city but, and I say that publicly also, so I don't feel bad about that."

Commissioner Ayme: "I have a couple of questions about that through the chair."

Mr. Hiscock: "Yes."

Commissioner Ayme: "If we do go ahead with this at some point in time with the building facilities elsewhere all of them where they are currently located at Water Street, I need to ask you a couple of things. What would we do with the buildings? Just leave them vacant?"

Mr. Hiscock: "I think that's a decision the commission would have to make if we move in that direction and I think that speculating about what the commission should do probably wouldn't make a lot of sense. If the economy changes green commercial has some value, you may want to sell it through a bid process and get the highest and best dollar value out of it and then use that for the district's other purposes. Part of the study depending on the cost, we might end up needing to fund some construction. Although not immediate, I mean you know how we can build things and then fund things later and then roll the money back and forth. It's not like we're, it's not the average person who needs to sell their current house to buy their new house, we're not in that situation we have cash, certainly the district shouldn't, not in my opinion, it's valuable, it's shouldn't give it up for anything other than its value and it should get the highest and best value out of it and I would anticipate that there will be people who will, people, organizations that might be interested in getting it because they think they can get it for less than value. So..."

Commissioner Ayme: "Could it be used for storage in the mean time?"

Mr. Hiscock: "It could be. It could be."

Commissioner Ayme: "My next follow up question is what is the condition of the foundation here? I'm not seeking a technical answer, but in..."

Mr. Hiscock: "I'm going to give you exactly what the problem is with the site. In the late 90's the water utility was looking to expand this facility. We hired an architect. We went in we hired actually and it was probably the mid 90's because after he worked for us he ended up actually designing the fit-out of this condo unit, a guy from Wilton. I can't remember his name now but anyway, we tried to add a second floor and the issue is that the building is on wood piles and the building was piled in 1964 as a one story and designed for one story and one story only. There is no loading of the existing pilings. That left us with the position of having to drive pilings through the building and around the building perimeter to add a second floor. By the time we got done with the cost of that the cost of all of the stairways, fire exits and elevators that are necessary when you have a second floor, it took away so much floor space that a second floor alone made no sense and if we wanted to have a third floor we had more footing issues to deal with because more pilings were necessary, we have however, no evidence of foundation failure on the building at all. There are no cracks, there are no settlement, there is nothing going on that site so I am not saying that there is a failure here, but I'm saying that the foundation problems prevented us from expanding at that site. The existing building seems to be fine and we had literally... there is not a crack in the foundation

but it prevents us from expanding at that location square footage. The other alternative would be a square footage expansion on the ground, one floor and eliminating the construction yard and moving it elsewhere, that's sort of counter-products it because construction yards cost a lot of money. We might end up using it as a construction yard for a long time because we might not be able to replace it very easily. Construction yards are only permitted in Norwalk in heavy industrial zones."

Commissioner Ayme: "No study has ever been made in terms of building something more substantial than what we have right now that would include for example concrete injected into ground or...?"

Mr. Hiscock: "No."

Commissioner Ayme: "Nothing has been done, nothing of that sort."

Mr. Hiscock: "No, we did not do a detailed geophysical study of the site because the architect concluded based on his experience that that would be a significant cost."

Commissioner Burgess: "It's still a wetland right?"

Mr. Hiscock: "Well it was a salt marsh originally, it was a salt marsh filled with oyster shells and clam shells and when you excavate in the marine commercial zone that's all you find. The other significant thing that you probably don't know is that most of the waterfront from Water Street to the high tide line almost to the Washington Street Bridge all the way down to our office was owned by the City of South Norwalk which slowly sold it off over time. It was essentially the South Norwalk City Docks."

Commissioner Ayme: "My points to the questions is that since we're looking to relocate, we're looking to relocate the facilities and create a unification of the water and electric company. My question is that..."

Mr. Hiscock: "It's not even divided that way anymore. The staff at Water Street works in the utility business for us. There is no distinction."

Commissioner Ayme: "I understand that. There is no distinction. I understand that. I guess what I'm driving at is the building here a new facility, would you say it's out of the question totally?"

Mr. Hiscock: "No. No. It's not."

Commissioner Ayme: "It's not, okay."

Mr. Hiscock: "It is not out of the question. It is a possibility. We could certainly, the other alternative certainly would be to attempt to move everything to Water Street including the Customer Service office here, and selling the condo unit, you know there is a condo unit. We don't lease this from anybody, we own this, it probably has significant value as the railroad station in the garage and everything has been successful this is probably a significant value, it comes with eighteen parking places which is even more interesting."

Commissioner Ayme: “Even in today’s market if we had to go there, if we had to do that, would we be facing losses in the, how long would it take to sell this property, this condo property here without losing, I mean, I’m asking too much I now that but I just want to get an idea. I just want to get an idea as to, if for example we have to sell this condo property here, would we be facing heavy losses even in today’s market?”

Mr. Hiscock: “No, well no, we will be facing no losses because we have no real value in this other than the fit out, this was a quick pro quo with the city and we transferred a lot of property, we transferred a lot of easements, we gained property, they gained the ability to build the garage, we gave up fuel tank easements, this was a very complex deal. Essentially our argument was if you’re going to, and portion of our old office were torn down, so we ended up with about the same square footage, maybe a little bit more, but we didn’t want to be here the city wanted us here. They wanted foot traffic and I was pretty heavily involved in this from the district’s perspective, the city wanted foot traffic; they were petrified that this garage was going to fail, they wanted people in the building they wanted everybody to feel comfortable. Commissioner Burgess was here when all of this happened so this was given to us.”

Commissioner Burgess: “Well you can say the way it really was the city strong armed us into this.”

Mr. Hiscock: “The city applied significant pressure and...”

[Laughter]

Mr. Hiscock: “We negotiated for the best deal that we can get. We got the unit here and we had to pay for the fit out, they tore down a portion of our old office, we got the Franklin Street traffic island which we now occupy, we got the Franklin Street abandoned so the only thing that’s left in that that we don’t own is the easement rights to cable and gas and they do have facilities that go through the roadway and you can see it on the plan here and we got the St. Ann site, and there was really no cash traded here.; On this plan if you look at it, there’s easements back and forth, stack easements, there’s easements for the building they had setback problems they had to take easements from us this was a complex deal and portions of this deal hinged on no land transfers adjacent to the parking garage because we’re not allowed to sell land without electoral approval. And there was concern by everybody that we couldn’t get electoral approval because everybody that lived up on the hill didn’t want a parking garage built but we could trade easements and this was really an extraordinarily complex deal we came out of it good, we came out of it very good. The strong arm comment, yes, that’s what happened.”

[Laughter]

Commissioner Burgess: “Thank you.”

Mr. Hiscock: “But you know...”

Commissioner Ayme: “My last question is...”

Mr. Hiscock: “Everybody worked hard to negotiate a good deal and we got a good deal here and it turned out very well.”

Commissioner Ayme: "Since this is a recommendation that you're making that the relocate the facilities is there a time frame in your recommendation?"

Mr. Hiscock: "Yes, And this is not a recommendation to do anything. This is a recommendation to determine what we can physically get on this site which is the old power plant, the line garage, the Franklin Street traffic island and the substation in accordance with zoning, the site is heavy industrial, it's a heavy industrial site. It could house a small construction yard by zoning but you need a special use permit to do that. Right now the Franklin Street traffic island, which is this left hand side of the page adjacent to Martin Luther King is being used for storage. We are not storing significant amounts of copper wire even at St. Ann's it's all being here now. It's even more visible here so we are using the site for more. If we were to give up the power plant site or if the statutes with respect to the siting council changed this would be an extraordinarily easy decision. We get an advantage in permitting a new, any kind of new power facilities in the plant, if we were to lose that advantage and decided we would never put power producing facilities on the site ever again the old power plant minus the engines is huge and we could easily fit all of our equipment, all of our facilities, all of our offices and everything on the site and you wouldn't need an architect to study it. It's simple but we don't want to give that up that's important not to give up. Things may change twenty years from now, fuel cell may become efficient, although they have been at it for ten and they're useless, but going forward somebody may come up with something and it would be a great site so we don't want to give that up so what we are talking about is trying to find out how much office space we can get in the upper right hand corner. What we are talking about is can we build on the top of the line garage?"

Commissioner Ayme: "When you said fuel, you're referring to jet fuel?"

Mr. Hiscock: "Fuel cell. Fuel cell. Yes."

Commissioner Ayme: "Oh okay. Fuel cell."

Mr. Hiscock: "Power producing fuel cell."

Commissioner Ayme: "Okay."

Mr. Hiscock: "We have significant underground tankage north of the garage which we don't want to give up. They're 240 thousand gallon fuel tanks there, if the site is ever used again those are valuable commodities so what I really want to do is try to find out what we can get on this site. Now, as we progress through this, if we decide we can't get enough on this site to consolidate, we could then move to get Water Street and find out if we can flip the other way, that's a possibility. I think that's also fraught with problems, but, or we could simply go the other route and do a wide open analysis of both sites simultaneously and let the architect study both."

Commissioner Ayme: "Water Street facility would have to be rebuilt, I mean built, built from scratch."

Mr. Hiscock: "It's possible that the best solution would be to cut off the back half of the building, build a multi-story building on the back half very close to the front half and then demolish the front half later, or, integrate the front half into a multi-story building in the back, that's a possibility also. I mean there are many, many options."

Commissioner Ayme: "Right."

Mr. Hiscock: "That one requires some zoning things, we're the Second Taxing District, we've been on this site forever, we've always owned the site, we've owned it from the late 1800's early 1900's. I would think we'd get favorable treatment by planning and zoning with respect to the site I would hope we would, being non-conforming. So that's an alternative, but I think that we really need to figure out how to put everything together and stop wasting the small dollars that we're wasting."

Commissioner Burgess: "Excuse me, but you have a ball park figure of what this study would cost so that we can... you're not recommending that we go for it. You sort of want a consensus right?"

Mr. Hiscock: "I want to find out if the commission is willing to go forward with this type of a study."

Commissioner Burgess: "You want to know if we'll fund it, right?"

Mr. Hiscock: "Well, yes. The way I was going to put it was if this is something the commission doesn't want to consider at all, then it's ends here and it's easy, but if the commission thinks its worth exploring then we would write up a request for proposals and find out what the architectural study would require so that would be the next step, time frame, sometime in the fall we write in an RFP, we solicit prices, take it from there."

Commissioner Ayme: "Alright."

Mr. Hiscock: "The scope of the RFP is something we need to decide before we do it."

Commissioner Ayme: "Can I finish, may I finish? I just have one question. Getting back now to the property on Martin Luther King Drive, the State Street, are we facing any, we cleaned out this property before. We're not facing any contamination here are we?"

Mr. Hiscock: "We don't have serious contamination at this site."

Commissioner Ayme: "Right."

Mr. Hiscock: "However, we have mercury in the soil and I think we spent, I think it was 2003, I don't remember the number but to put an order of magnitude on it we spent about one hundred thousand dollars pulling out the soil where we have the flat parking lot and the retaining wall now in the old Franklin Street traffic island, we got a hundred grand. The deal with the mercury that we had is a constrained place the minute you touch it you have to dispose of it appropriately. Now, I will say to you that there is mercury in the soil all the way up and down the north end of Martin Luther King Drive because it was all constructed simultaneously and the contractor did standard cut and fill and moved soil all over the place so that mercury laden soil is just there."

Commissioner Ayme: "My last question is, the gas pipe wouldn't affect anything in any way, shape or form right?"

Mr. Hiscock: "The gas meter and station will stay there until Yankee Gas determines that we will never use the gas on the site."

Commissioner Ayme: “No, but we own that.”

Mr. Hiscock: “We do not own that.”

Commissioner Ayme: “I thought we did.”

Mr. Hiscock: “No. We owned the right to take a specific amount of gas out of the pipe line. When we built the TM2500 in 2003 for the summary, remember our famous former Mayor’s jet in the box comment about us, we got the right to use it.”

Commissioner Ayme: “Do you mean to tell me that CL&P can come in and take this out. They can come in and take this out?”

Mr. Hiscock: “They probably can. Remember, CL&P paid for this.”

Commissioner Ayme: “I know that, over a million dollars, but, I know that, I remember that, but I thought we owned it.”

Mr. Hiscock: “NU broke a deal between their two subsidiaries. We own the immediate gas metering station that’s on the property the pipeline we do not own okay, the pipeline was paid for as a contribution and it was a deal between Northeast Utilities, Yankee Gas and CL&P, because remember, they approached us to put this turbine on our site.”

Commissioner Ayme: “Well my last question is we would only be using one building I’m sorry we would only be using one building and the other building would remain in the event that we would want to re-power.”

Mr. Hiscock: “I believe that’s an appropriate decision based on the current law that we maintain the old station. One of the options is to pull the engines out of the old station but that doesn’t make it any different and use it as a storage area up until we decide to do something else, because it will always be a power plant brown field site until we change the use.”

Commissioner Ramirez: “Through the chair...”

Commissioner Ayme: “I want to thank the commissioners for their [inaudible]”

[Laughter]

Commissioner Ramirez: “Through the chair, I want to say for the record I do believe that this is proposal requested. I believe it makes a lot of sense as long as it remains. This side is a very centralized for everyone, for those who utilize the transit, those who have no transit at all. Well, not transit at all. They’re very close to most of the community and people walk as you can see this, okay. I do believe that I, but I do support that we should be investigating the site, if possible and I also would like to add to see where we [inaudible] and go over the same train of thought of Commissioner Al Ayme and if we can do both proposals at the same time as long as it’s not a lot of money though. If it’s a lot of money add in the second unit to be exposed to see if this could happen. Yes, but if it is not then let’s... I will [inaudible] practically with this site. The second issue is what about you guy, or have you folks thought about it? Instead of having a vacant building to have making money on that it’s a rental that anybody will actually be, that building will be

utilized with no problem at all. You can actually make a very short term, we're not talking about ten, fifteen years lease term. It could be three, five years whatever the case might be as long as the engagement is not too long you'll be making money and you can still utilize the site."

Commissioner Burgess: "I think first we have to determine if we can relocate everybody."

Commissioner Ramirez: "I'm not talking about at the end once we do the final study, once we do what we need to do, meaning not leaving the building vacant, but perhaps utilize okay, the building for some income. That doesn't mean that we're going to give the right to the new tenant to utilize the whole property no, it would be a specific part of a building to utilize the property as you say otherwise we still have the right to maintain our construction site, but the fact of the matter to use the study and move everyone to one site I'm a 100% with it. It would save us money. It would make a lot of sense. I do believe so. That's my opinion."

Commissioner Burgess: "Commissioner Harris."

Commissioner Harris: "What's your opinion on being able to successfully move everybody here?"

Mr. Hiscock: "It depends on zoning and what we can place in this location. That's the cheapest alternative. The construction facilities that we maintain, not the yard, but the actual construction garage that we maintain at Water Street, for that to be housed on the site we will need to enhance the existing line garage because the line garage is pretty full now. It has a significant amount of inventory in it and inventory that needs to be inside, it's very expensive inventory. The other possibility is a shadow or sister building over here, that's all a purpose of the architectural study. There is sufficient land here to house everything we own other than, of course, the filtration plant which we can't pick up and move, yes, there is sufficient land here. The question is how much of the site will be impacted by doing this. In other words if we could get all of our office staff over here and only have to deal with the construction staff, I think it's the best possible thing we could do. If it turns out that we can't do anything in this corner and then we've got to build a new building here and tare this building down, then it's going to get pricey. So this is the whole purpose of the architectural study. I believe there's plenty of land here, but is there enough land to do it in a way that isn't going to tie the site up. That's an issue and that's why I would like an outside architectural professional to make that determination. Physically it's enough, but is it enough in a way that makes sense for us?"

Commissioner Ayme: "That's one thing we don't want to do we don't want to knock down one building. No we don't want to do that."

Mr. Hiscock: "No, well, one of the alternatives that we considered is knocking down the old antiquated office, because we hired an architect to study renovations to that office and there were so many code violations."

Commissioner Mann: "Going up those stairs?"

Mr. Hiscock: "Yes. It's awful. Okay, so many code violations that, and those stairs don't exist anymore actually."

Commissioner Mann: "Oh, they don't."

Mr. Hiscock: "The big stair case that went up the middle, they're gone. That was demo'd."

Commissioner Burgess: "Well I think, is there a consensus the we should empower the General Manager to determine a cost of this study before we vote on the study?"

Mr. Hiscock: "I think, yes, the course of action would be to define the RFP, make sure the commission agrees with the scope of the RFP and then go from there."

Commission Ramirez: "Would you like us to have a motion or just a consensus by saying 'aye' yes go ahead with it?"

Commissioner Burgess: "What do you think is appropriate, a motion to vote for an RFP?"

Mr. Hiscock: "It's something that we normally do when or if there is a consensus of the commission that we should go forward, we'll just do it, I mean I don't need an approval."

Commissioner Borges-Lopez: "I don't think we need a motion. I don't think we need a motion. We just need a show of hand."

Commissioner Burgess: "I think Mr. Hiscock has his consensus in. Right?"

Mr. Hiscock: "Yes, and you will see the RFP before it goes out."

Commissioner Borges-Lopez: "But the consensus is just to go ahead with the study and the most practical, you know, location to consolidate all the offices."

Commissioner Ayme: "First we need to find out how much the study will cost, that's the first."

Mr. Hiscock: "Yes, I mean the first step is for us to design the RFP, solicit the proposals, evaluate the proposals and then decide whether or not to go forward, that's the logical way we do those things."

Commissioner Ayme: "That would be the first motion."

Commissioner Burgess: "The first step is the RFP."

Commissioner Ayme: "Right, Right."

Commissioner Mann: "Right."

Mr. Hiscock: "That's the logical way we do all of these things."

Commissioner Borges-Lopez: "The consensus today is just for the first phase to go ahead and start the study. Am I correct?"

Commissioner Ayme: "That is correct."

Commissioner Borges-Lopez: "Okay. I agree"

Mr. Hiscock: "Okay."

Commissioner Ramirez: "You make it very simple."

Commissioner Ayme: "Okay, that's good."

Commissioner Burgess: "Public Participation."

Mr. Hiscock: "I'll be public for a minute if you don't mind."

Commissioner Burgess: "Oh Please."

Mr. Hiscock: "The storm damage went well as you all know. I'm sorry that you were out until 11:00 on Sunday night, but as you've seen in the media and the press we did okay."

Commissioner Borges-Lopez: "We did excellent."

Commissioner Mann: "Yes we did. I enjoyed my time out anyway."

Mr. Hiscock: "It's a function the fact we have a lot of underground and we don't have a lot of trees so we had very little damage except for your neighborhood."

Commissioner Burgess: "I know. I know."

Mr. Hiscock: "Golden Hill got wacked. 90% of our work was on the top of Golden Hill."

Commissioner Geake: "Oh really?"

Mr. Hiscock: "Your neighborhood and your neighborhood kept us busy all day Sunday cleaning up while we waited for CL&P to restore, but in general, things went very well. Everybody cooperated. We brought in all of our crews. We had construction people, we had forestry people, we had line men, everybody came in and pitched in and they all worked."

Commissioner Burgess: "And they really did work hard."

Commissioner Ramirez: "I really would like to for the record, I would like to see, first I would like to say thank you to our staff, secondly, I don't know if I'm asking too much but perhaps we can send a letter saying thank you to show appreciation to everyone in our staff. So that they can say you know, yes, we appreciate on behalf of the commissioners and the staff of course. We appreciate it for the hard work and dedication."

Commissioner Burgess: "Yes. Okay."

Mr. Hiscock: "And along that line I have to go to Hartford on Monday and maybe some additional time to testify because, let's see, how can I put this, there is a desire on the part of certain individuals in the state to, quote, get to the bottom of the problem, and determine if there were any lessons learned. They decided that all of the utilities have to go. I don't have much to say other than things went well, so we will end up getting in the paper over this there's no doubt about it, probably the Hartford Current and elsewhere."

Commissioner Geake: “Can I ask a question? Do you think that they may ask you for suggestions on ways to make everybody else that screwed up and we did so fabulous, ways that they can get theirs right?”

[Laughter]

Mr. Hiscock: “I’m the wrong person to ask because in my opinion both CL&P and UI did a tremendous job. There has been adverse publicity because some individuals need to have their name in the press. Certain groups wanted to make significantly more dollars than they did in the storm so they complained about issues. I think it will all settle out and in the end we’re going to find out that CL&P and UI did a pretty good job along with the towns that helped them out. I mean in the ice storm in the 70’s I was out for eight days in the winter time. So, you know, this is not unprecedented this happens every twenty or thirty years that’s the way it is so, I won’t be telling them how to solve their problems because I think they did a great job.”

Commissioner Borges-Lopez: “Motion to adjourn.”

Commissioner Ayme: “Second.”

Adjournment

The meeting adjourned at 8:07 p.m.

Attest:

Gwendolyn Gonzalez
Asst. District Clerk

Transcribed by: Connie Farrugia
Reviewed by: Gwendolyn Gonzalez