



Third Taxing District

2 Second Street
East Norwalk, CT 06855

Tel: (203) 866-9271
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Third Taxing District of the City of Norwalk Commission Meeting

Monday, June 17, 2019 at 7:00p.m.

At the Third Taxing District Office, 2 Second Street, East Norwalk, CT

1. Public Comment – 15 Minute Limit
2. Executive Session
 - Collective Bargaining – A/R
3. Minutes of Meeting – June 3, 2019 Regular Meeting – A/R (Pgs. 1-7)
4. CMEEC Equity Distribution – A/R (Pgs. 8-9)
5. Rescheduling of July 1, 2019 Commission Meeting
6. Adjourn

*A/R – Action Required/See Attached Motion

Agenda backup material is available at the TTD office, www.ttd.gov and will be available at the meeting.

M:\Shared\ Commission Meeting Information\Agenda 6-17-19.doc

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	Kevin Barber	203-866-9271	General Manager
Debora Goldstein	203-252-7214	Commissioner	Ron Scofield	203-866-9271	Assistant General Manager
Pamela Parkinson	203-858-4261	Commissioner	Ed Holowinko	203-858-5750	Treasurer

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THIRD TAXING DISTRICT
of the City of Norwalk
Commission Meeting
June 3, 2019

ATTENDANCE: Commissioners: Johnnie Mae Weldon, Chair; Debora Goldstein;
Pamela Parkington; Ed Holowinko, Treasurer

STAFF: Kevin Barber, General Manager
Ron Scofield, Assistant General Manager/District Clerk

OTHERS: Peter Johnson, CMEEC Ratepayer Representative

CALL TO ORDER

Commissioner Weldon called the meeting to order at 7:00 p.m. A quorum was present.

PUBLIC COMMENT

No one from the public was in attendance to comment.

MINUTES OF MEETING

May 6, 2019 Regular Meeting

Correction: Page 2, 1st paragraph, add “and left the room during the discussion” to the end of the sentence.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE MINUTES OF MAY 6, 2019 REGULAR MEETING AS AMENDED.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS

Mr. Barber reviewed the Financial Highlights with the Commission for July 2018-April 2019. Total Income is \$8,422,805.00 versus \$8,618,333.00 for last year, a difference of (2.27%) due to the adjustment of the PCA which was lowered in July 2018. Total Expense is \$8,014,625.00

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versus \$7,797,756.00 for last year, up 2.78%. Net Income is \$625,248.39 versus \$1,430,148.00 for last year, a difference of (56%).

Other Expenses is just about identical to last year, up slightly at 2%. Net Income before Rate Stabilization is \$1,031,281.17 versus \$1,418,212.00, a difference of (27.28%).

Total Cash on hand is \$5.8 million. The current Outstanding Principal Balance with CMEEC is \$3,484,870. Mr. Barber reminded the Commission that this balance is larger than it was due to the reallocation of Wallingford Electric's ownership in the Microgen project.

Mr. Barber reviewed the P&L for the Electric Company with the Commission. Commissioner Goldstein asked what caused the big increase in the account 420-00 "Gain/(Loss) on Investments." Mr. Barber will look into this and reply back to the Commission with an answer.

Mr. Barber reviewed the P&L for the District with the Commission for the current month. Overall, the District is under budget by approximately \$8,000, or 15%. There is only one line item that has gone over budget for the month which was the library property maintenance which was related to the repairs required from the Fire Marshall inspection. Mr. Barber noted that there will be more charges in May and June as well.

Commissioner Goldstein asked if the library was expected to come in for their matching funds for the current quarter. Mr. Scofield replied yes, he received information, but has not had a chance to review it.

Mr. Barber informed the Commission about the fence at cemetery. It was struck by a vehicle approximately 2-3 weeks ago. TTD reached out to the Norwalk Police Department and there were no reports of any accident at the area and therefore have no information whatsoever. Three sections of fence were destroyed. Connecticut Fencemen has been contacted and they submitted a quote to TTD for approximately \$2,000. Mr. Barber also informed the Commission that TTD has in their possession six sections of the fencing from years ago. TTD will reach back out to Connecticut Fencemen to get a revised quote.

KPI's – On target.

PCA – Rate Stabilization fund is at \$3.6 million and is on the correct trend heading downwards and in approximately 18 months, it is expected to be at \$3.1 million.

REVIEW AND APPROVAL OF 2019-20 ANNUAL OPERATING & CAPITAL BUDGETS

Mr. Barber presented the budgets to the Commission. There is nothing dramatic to point out to the Commission. The format of the budget remained the same as last year.

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Mr. Barber provided an overview to the Commission on how the budget was calculated. TTD took CMEEC's 5-year budget forecast and used that as the foundation for developing the budget. It was used for both the FY2019-20 budget as well as the 5-year budget. All the revenue is based on CMEEC's forecast and current rate structure of TTD.

Mr. Barber reviewed the Proposed Operating Budget for FY2019-20 with the Commission and explained line items as necessary.

Mr. Barber reviewed the Proposed Capital projects with the Commission, pointing out the second of three Oil Circuit Breakers that will be replaced and the replacement of a Motor Operated Disconnect Switch at Rowan Street. All other Proposed Capital projects are normal routine projects.

Mr. Barber reviewed the Five-Year Operating Budget Forecast with the Commission. Again, this budget was based off of CMEEC's model for revenues and took a 3% increase across the board on expenses. The ending cash projection for FY2019-20 is \$9,358,065.

Mr. Barber answered all questions from the Commission about the budget.

**** COMMISSIONER GOLDSTEIN MOVED TO APPROVE THE OPERATING BUDGET AS PRESENTED TO THE COMMISSION FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

**** COMMISSIONER PARKINGTON MOVED TO APPROVE THE CAPITAL BUDGET AS PRESENTED TO THE COMMISSION FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020.**

**** COMMISSIONER GOLDSTEIN SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

KEY MAN INSURANCE

Mr. Barber stated that the reason for including Key Man Insurance is due to a past Commissioner asking about it, as well as the fact that it is mentioned in Mr. Barber's employment contract. As the previous General Manager had Key Man Insurance, it is the Commission's decision whether or not to obtain a policy on Mr. Barber.

The reason for obtaining this insurance is in the unlikely event of Mr. Barber's passing. TTD would be the beneficiary of this policy, which in turn would be used to find a replacement and to assist in keeping everything running smoothly. Mr. Barber feels this is a Commission decision.

The Commission discussed the reasons why this insurance had been obtained in the past and whether or not it needs to be purchased for the current General Manager. At this time, the

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Commission does not believe Key Man Insurance is warranted and will revisit it again in the future.

CMEEC UPDATE

CEO Termination

Mr. Barber informed the Commission that on May 9, 2019, the CMEEC Board of Directors terminated the then CEO of CMEEC, Drew Rankin for cause. CMEEC is now without a CEO. The interim CEO, Mike Lane, is currently still in the position.

The Special Committee that Commissioner Goldstein is Chair, is still in place and still empaneled and presenting some recommendations to some of the other CMEEC Committees that are moving to investigate and possibly take steps related to their own Committee functions.

Commissioner Goldstein stated the Special Investigator had released an 800-page report containing a 20-page summary of findings and the balance was back-up. The MECA is still in the picture and knit-picking over tiny things. One of the Special Committee's own recommendations was to meet with the full Board and assure every Board member had an opportunity after reading the full report to make more or different recommendations that the Committee had come up with themselves. This meeting has now taken place.

Commissioner Goldstein talked about Legislative process. There was some movement on the bill that was proposed this year. The key change was they removed the language that would prohibit CMEEC from doing projects.

Commissioner Goldstein said there were a couple of pages of mostly not relevant language put in about an audit department at the State level that audits State agencies. CMEEC was probably included in their line-up to get audited by this Body and the original language included charging CMEEC \$80,000/year for the audit and the money aspect has been removed.

The biggest item appears to be that the MECA's recommendation to keep his own salary at the original \$70,000/year is remaining as well as his request for \$30,000/year to hire his own experts.

The Legislative will probably meet next week to regroup to see what actually comes out.

Equity Distribution

The Equity Distribution was made available at the last Delegate meeting which was held after the last CMEEC meeting to distribute equity to its members. TTD's share for the current year was \$218,579. This is approximately one-third of what has been received in the last two years, but CMEEC expenses are up considerably due to outside legal fees.

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TTD is going to be responsible for their fair share of the Wallingford arbitration payout expense. CMEEC had over the last two or three years been budgeting a reserve for this settlement. The settlement came in about \$1 million higher than the reserve, so each of the utilities is going to have to pay their fair share. TTD's share will be approximately \$57,000. For the next meeting, Mr. Barber will come back with a recommendation for the equity distribution.

GENERAL MANAGER'S REPORT

District Stipend Proposed Policy & Payment Schedule

Mr. Barber said that as a follow-up to the May 6, 2019 Commission meeting, the District Stipend Pay Schedule Policy has been revised based on the comments given by the Commission.

**** COMMISSIONER PARKINGTON MOVED TO ACCEPT THE PROPOSED DISTRICT STIPEND POLICY AND PAYMENT SCHEDULE AS PRESENTED BY THE GENERAL MANAGER.**

**** COMMISSIONER WELDON SECONDED.**

**** 2 IN FAVOR; 1 OPPOSED.**

**** MOTION PASSES 2 TO 1.**

Library/Fire Marshall Update

Mr. Barber has reached out to the Fire Marshall about when he will be back for a reinspection of the library, but has not heard back from him to date.

East Avenue Project – Letter to Mayor Rilling

Mr. Barber has not received an official response from Mayor Rilling. He is going to reach out to him again to get a status of their reply.

Union Contract Update

Management and the Union have come to a tentative agreement. The next step is to have the agreement go before the Union on Thursday, June 6, 2019. Once they have ratified the agreement, it will then go before the Commission (probably Monday, June 17, 2019). Management feels it is a fair agreement.

PROJECT SUMMARY

Storage Facility – They have started to erect the building.

Digger Derrick – Commissioner Goldstein asked if it was still on order. Mr. Barber said, yes, and they are trying to get a firm date of delivery.

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After discussion about the outdated projects in the Project Summary, Mr. Barber will be doing a clean-up of the document.

Prior to the adjournment of the meeting, Commissioner Parkington handed in her resignation from the Commission effective June 30, 2019.

ADJOURNMENT

**** COMMISSIONER GOLDSTEIN MOVED TO ADJOURN.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 8:18 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

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MOTION FOR MINUTES

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) REGULAR MEETING.

OR

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) REGULAR MEETING AS CORRECTED.



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Memorandum

To: TTD Commissioners

From: **Kevin Barber – General Manager**

Date: June 6, 2019

Subject: 2018 CMEEC Excess Equity Distribution

On Thursday, May 23, 2018, the CMEEC Member Delegation voted unanimously to distribute the 2018 Distribution Eligible Equity to the member utilities. The total equity distribution for 2018 is \$4,498,270 of which TTD’s portion is \$218,579.

The CMEEC Membership Agreement, Section 7.5 Use of Distributions, provides the following options for the distribution of eligible equity:

- Leave all or part of distribution in Equity
- Apply all or part to the Municipal Trust
- Apply all of part to the Rate Stabilization Funds (RSF)
- Apply all or part as an offset to an invoice
- All or part as a direct cash payment

Following the completion of the CMEEC-Wallingford arbitration, CMEEC has incurred additional expenses that exceed the amount previously held in reserve for the settlement. TTD’s portion of these additional expenses total approximately \$58,000-59,000. The final amount will be determined by CMEEC. I recommend the payment of TTD’s portion of these expenses directly from the equity distribution. This would leave approximately \$160,000 of the eligible equity remaining for distribution.

After reviewing the options for the equity distribution, I have narrowed the choices to the following three options:

- Apply the equity distribution to the Municipal Trust.
 - Pro: The yield on the trust account has averaged 2.485% over the past 6 months. The current trust balance, as of April 2019, is \$1,680,254. The trust

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account and rate stabilization fund are also used to offset TTD's fixed cost obligations with CMEEC. Currently, TTD's net obligation is \$-1,875,777.

- Con: Access to funds. Funds held in the CMEEC trust account requires approval of the CMEEC board at a regular CMEEC board meeting.

- Apply the Equity Distribution to the Rate Stabilization Fund (RSF).
 - Pro: The yield on the RSF has averaged 1.68% over the past six months. Easy access to funds with no board approval required.
 - Con: RSF balance currently exceeds the Commission approved target by more than \$650,000

- Receive as a direct cash payment for deposit into TTD's Capital Improvement Investment account
 - Pro: The yield on this account is approximately 3-3.5%. Easy access to funds. Funds are held at a local financial institution.
 - Con: Yield is dependent on the stock market

My recommendation is to receive the full distribution of equity available to TTD and apply the required amount to pay TTD's share of the Wallingford arbitration settlement, and deposit the remaining amount into TTD's Capital Improvements Investment account.

Please let me know if you have any questions.