

CITY OF GROTON UTILITIES COMMISSION
/WATER POLLUTION CONTROL AUTHORITY
Minutes of Meeting
March 20, 2019

1. CALL TO ORDER

Chairperson Hedrick called the meeting to order at 10:02 AM.

ROLL CALL

Present: Chairperson Mayor Keith Hedrick

Commissioners: Paul Duarte, Jeffrey Godley, Robert Zuliani

Absent: George Scully

Staff present:

Director of Utilities Ronald A. Gaudet
Executive Administrative Assistant Maureen French
General Manager-Key Accounts Leonard J. Mediavilla
General Manager-Customer Service Tina M. Daniels
Manager-Engineering Brian J. Roche
Manager-Operations Electric Randall S. Surprenant
Manager-Operations Water Raymond L. Valentini
Economic Development Manager Frank E. Winkler
Energy Engineer Hollis McKee
Utility Analyst Manager Aaron Brooks
Accounting Manager Yi Xiang
Joe Pratt Chief Plant Operator, PAF

2. APPROVAL OF MINUTES

Commissioner Godley moved, **Commissioner Zuliani** seconded a motion to approve the minutes of the regular meeting of February 20, 2019.

Motion carried.

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Zuliani moved, **Commissioner Godley** seconded a motion to approve the Treasurer's Report for the month ending February 28, 2019.

Motion carried.

4. COMMUNICATIONS AND CORRESPONDENCE

The following correspondence was received:

- A. Thank you letter for participation in Alicia's Angels Ice Skate for Babies

5. PUBLIC COMMUNICATIONS

There was no Public Communication.

6. CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE (CMEEC) BOARD OF DIRECTORS REPORT

Director Gaudet reminded the Commission that there are two unfilled positions at CMEEC; one Alternate Member Representative for Groton, and one Member Representative for Bozrah. He also reported that he was elected by the CMEC Governance Committee as the Governance Chair.

Mayor Hedrick updated the Commission on the proposed legislation and the potential negative impact on the affected Municipalities. Significant rate increases would have regional impact.

Commissioner Godley added that the Governance Committee talked about donations received by CMEEC and said a decision will need to be made to determine if CMEEC or the individual municipalities would decide the recipients of the charitable contributions.

7. REGIONAL WATER UPDATE

There was no regional water update.

8. MONTHLY FINANCIAL HIGHLIGHTS

Accounting Manager Xiang presented

Electric:

Overall Total Electric Revenues for February are 4% (\$149k) over the budget, and 5% (\$214k) more than February of last year. Revenues from the Residential Class are 11% more than budget and more than offset Revenues from the one Industrial Non-Manufacturing customer which is 13% less than budget. The FYTD Total Electric Revenues are 1.8% more than the budget and 1.9% more than last FYTD.

This February was overall colder than February of last year. Heating Degree Day requirements were 19% more than February of last year.

Operation and Maintenance Expenses for the month are 8% less than budget, the FYTD Operation and Maintenance Expenses were 10% (\$685k) less than budget.

The Net Income from Operation for the month is 8% less than budget and Net Performance after the effects of TVC is 9% below budget.

Water:

Water Division cash in the electric account is shown on Balance Sheet page 6, line 20; Due to Electric is \$792k and Line 30 shows \$3k due from Sewer Division. Cash Due to Electric is because bond fund project expenditures have not been replenished from the Bond Fund Investment account. Days' cash on hand for the water division is 241 days.

The combined Electric and Water and Sewer Utility days cash on hand is 108 days.

(The reimbursement process with the State continues to be timely such that monies are received from the state in time to pay billings when due without using internal cash.) A total of \$23 million has been incurred for the project and a total of almost \$22 million has been received from the Drinking Water State Revolving Fund (DWSRF) loan and grant.

Total Revenues overall for February are 6% or 52k more than budget, 10% or 82k more than February of last year. The positive variances came from Residential, Industrial and Sale for Resale Class. FYTD Total Water Revenues are 0.2% or \$17k more than budget and 7% or \$469K more than last FYTD.

Operation and Maintenance expenses for February is 18% less than budget. The gain from the positive variance in Other Income & Deductions is related to the DPH Consent Agreement projects which started

at the beginning of this fiscal year. Net Earnings before the DWSRF Grant for the month are almost 260K greater than budget.

Operation & Maintenance Expense for the FYTD is almost 18% or \$1M less than budget. Net Earnings before the DWSRF grant proceeds for the FYTD is almost \$1.7M more than budget which is mostly due to below budget O&M expense and delay in the beginning of the DPH Consent Agreement Projects. The WTP Restricted fund (Balance Sheet page 6, line 26) contains \$2.3 million for collections through December 31, 2018.

Mayor Hedrick questioned the difference in amount between revenue and expenses. Manager Stevens explained the timing of projects and five unfilled positions contribute to that difference.

Sewer:

Sewer Division cash in the electric account is shown on page 11, line 24 of the balance sheet Due from Electric is \$283k and Line 21 shows \$3k due to the Water Division and line 23 shows \$2k due to the City. Netted out together the Cash balance of the Sewer Division at February 28, 2019 is \$317k. In addition, on March 19, 2019, there was a total of \$650k was transferred from the City to the Sewer Division for the issuance of the sewer treatment plant bond. Total cash balance for Sewer Division as of today is almost \$1M.

Total Sewer Revenues for February are 10% or \$40k over budget. The positive variance is mostly driven by the Residential and Industrial Class. Only 4% of metered water usage was deducted from the one industrial customer.

For the FYTD revenues are 14% or \$475k less than budget. (The budget revenues were developed by the rate consultant as part of a Cost of Service Study (COSS) which used historical cubic-foot data from water sales to City of Groton residents and did not provide for deductions for metered water usage that would not be disbursed into the sewer system, as such were not identified). The deductions for metered water usage was as not as great of an impact for February as it was in previous months. (Subsequently, an analysis of more current water usage, including deduction meter data, indicates that revenues FY 2019 will fall more than 20% below budget).

If the effect of the industrial deduct meters were known at budget preparation time, revenue would have been budgeted lower to reflect such deductions.

Operation and Maintenance expense for the month of February is 13% or \$27k below budget. As a result, net Income from Operations for is 54% or \$68k more than budget.

Operation and Maintenance expense for FYTD is 14% or \$234k below budget. The positive variance helped to offset some of the negative revenue variance for the period. As a result, net Income from Operations for FYTD is 20% or \$230k less than budget.

In addition, if the effect of the industrial deduct meters were known at budget preparation time, revenue would have been budgeted lower to reflect such deductions and the net income comparison for FYTD would be a positive value.

9. PROJECTS / INITIATIVES UPDATE

Director Gaudet discussed the Travel Policy with the Utility Commission to answer any questions. The current policy indicates that travel expenses are covered for spouses, however it has been agreed upon that the Utilities will only cover costs for the Commissioners. Mayor Hedrick added that education is encouraged to help strengthen the decision making of the Commission.

Electric

Ella Grasso Technical High School: a temporary transformer and underground cable has been installed.

The electrical service is ready to go at Poquonnock Road.

Tollgate Road re-conductoring is underway.

Substation crews are working on breaker maintenance at the Substations. Thirty breakers have been taken out of service and are having maintenance done.

Commissioner Godley complimented the Electric on their maintenance and attention to tree trimming to keep outages to a minimum. Manager Surprenant added that cable testing prior to installing cable has been a tremendous benefit and crews are able to identify deficiencies before installation.

Water

WTP: floors are poured on top deck and the Electric Dept. installed power to MCC unit. Management is addressing the PCB issue with the EPA. Stantec and Mystic Air will compile a report. There has been a lot of time and effort invested in finding a solution. Mayor Hedrick added concern if PPE is required by employees.

Walker Hill: The Mixing system is on and operating and old tank being drained to be demolished.

Walker Hill and Tollgate Pipeline is out to bid.

Turbine pump #8 went out for maintenance and has been cleaned and is back in service, it was not as bad as the # 7 pump that had to be addressed earlier this year.

Bailey Hill: The big tank is being drained so a mixing system can be installed inside. This mixing system is needed to address the THMs.

Sewer

No cleaning of sewer lines during winter months, so that will happen in the warmer weather. Nitrogen is coming back.

10. OLD BUSINESS

A. Purchasing Policy

A draft of the revised purchasing policy was handed out to the Commission for review, along with a flow chart of the purchasing procedure. This will be on the Agenda next month for review as a draft, and then eventually for approval. The new policy is very similar, but is an update to process. One difference is the State has a law that requires Municipalities to put any items valued over \$25,000. out to bid, while the current policy requires formal bid for any purchase over \$50,0000.

B. Cost of Service Study Pub Info Session

A Public Information was held on March 4, 2019. There is no plan at this time to make any rate changes.

C. Plan for 04/10/2019 Budget Review.

A Special Meeting will be scheduled for April 10, 2019 at 10:00 a.m. to review department budgets.

11. NEW BUSINESS

There was no new business.

12. ACTION ITEMS

- A. GUC-WPCA-19-3-12:** Consideration of and action to authorize Groton Utilities Management to purchase Granular Activated Carbon from Calgon Carbon Corporation, 3000 GSK Drive, Moon Township, Pennsylvania, for Filter No. 9 at the Water Treatment Plant as a sole source supplier, in the quoted amount not to exceed Fifty-Three Thousand Dollars and No Cents (\$53,000) to be paid from funds available in the approved Fiscal Year 2019 Water Division budget, and furthermore that the City Council be apprised of this action with the recommendation that it concur

Commissioner Godley motioned, **Commissioner Duarte** seconded

Manager Valentini added that this purchase was forecasted in the current budget and the purchase price is less than budgeted.

Motion carried.

- B. GUC-WPCA-19-3-13:** Consideration of and action to authorize Groton Utilities Management to purchase one new Pump Unit from Hayes Pump Inc., 66 Old Power Mill Road Concord, Massachusetts, as a sole source supplier, to replace one of the three pumps at the Pollution

Abatement Facility for an amount not to exceed Ninety Thousand Two Hundred Ninety Nine Dollars and Zero Cents (\$90,299.00) to be paid from current available cash in the Sewer Division budget as a non-budgeted purchase, and furthermore that the City Council be apprised of this action with the recommendation that it concur

Commissioner Duarte motioned, **Commissioner Godley** seconded

Manager Valentini added that this important pump has been out of commission for six months.

Motion carried.

- C. GUC-WPCA-19-3-14:** Consideration and action to authorize Groton Utilities Management to purchase one pump as a replacement spare pump that is no longer working at the Colonial Manor Pump Station, from Gayle Corporation, P.O. Box 542, Berwyn, Pennsylvania, as a sole source supplier, for a quoted amount not to exceed Ten Thousand Three Hundred Twenty Dollars and Zero Cents (\$10,320.00) to be paid from current available cash in the Sewer Division budget as a non-budgeted purchase, and furthermore that the City Council be apprised of this action with the recommendation that it concur

Commissioner Duarte motioned, **Commissioner Godley** seconded
Motion carried.

- D. GUC-WPCA-19-3-15:** Consideration and action to authorize Groton Utilities Management to purchase two (2) new Wilo Model Impellers from Aqua Solutions, Incorporated, 154 West Grove Street, Unit D, Middleboro, Massachusetts, as a sole source supplier, for a price not to exceed Nine Thousand Nine Hundred Eighty Dollars and Zero Cents (\$9,980.00) to be paid from current available cash in the Sewer Division budget as a non –budgeted purchase, and furthermore that the City Council be apprised of this action with recommendation that it concur

Commissioner Zuliani motioned, **Commissioner Godley** seconded
Motion carried.

13. POSSIBLE EXECUTIVE SESSION

There was no Executive Session.

14. TRAINING

- A. Sewer Flow Diagram-** Joe Pratt, Chief Plant Operator, PAF
Joe Pratt, Chief Plant Operator at the Sewer Plant presented a flow chart diagram and a detailed Overview of Sewer Plant operations, with explanation of the entire process to waste removal. The Commission was impressed with the education and Mayor Hedrick requested the same presentation for the City Council after the May elections.

15. ADJOURNMENT

There being no further business, at 11:54 a.m., **Commissioner Duarte** moved, **Commissioner Godley** seconded a motion to adjourn.

Motion carried.

Attest:

Paul Duarte
Clerk