

CITY OF GROTON UTILITIES COMMISSION

Minutes of Regular Meeting

January 28, 2015

1. CALL TO ORDER

Chairperson Galbraith called the meeting to order at 10:01 a.m.

ROLL CALL

Present: Chairperson Mayor Marian K. Galbraith

Commissioners: Edward E. DeMuzzio, Paul A. Duarte, Shirleyann Dunbar-Rose (via telephone), Bruce J. Fafard

Staff present: Director of Utilities Paul Yatcko
General Manager-Utility Finance David F. Collard
General Manager-Customer Service Tina M. Daniels
General Manager-Key Accounts Richard A. DeLorenze
Acting General Manager-Electric Brian J. Roche
Manager-Water / PAF Richard M. Stevens
Operations Manager-Water/PAF Raymond L. Valentini
Executive Assistant Deborah J. Gaudette

2. APPROVAL OF MINUTES

Commissioner DeMuzzio moved, **Commissioner Duarte** seconded a motion to approve the minutes of the regular meeting of December 17, 2014. **Motion carried.**

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Duarte moved, **Commissioner DeMuzzio** seconded a motion to approve the Treasurer's Report for the month ending December 31, 2014. **Motion carried.**

4. COMMUNICATIONS AND CORRESPONDENCE

Mayor Galbraith thanked the staff of the City and Groton Utilities for all their work during the recent blizzard.

5. PUBLIC COMMUNICATIONS

There were no public communications.

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

Commissioner DeMuzzio and Director Yatcko reported on a resolution before the Board regarding potentially increasing CMEEC's load due to the State of Connecticut creating a pool for the electric requirements for state buildings. CMEEC has prepared a proposal, but it would not meet the State's Request for Proposal (RFP) due to the State's fixed pricing, and the level fixed price cap. CMEEC is hopeful that due to a lack of responses to the RFP, staff may have an opportunity to discuss CMEEC's managed portfolio offer.

The Board of Directors continues to work with a consultant on board effectiveness.

7. REGIONAL WATER UPDATE

Mayor Galbraith reported on the last Southeastern Connecticut Water Authority (SWCA) meeting. The State of Connecticut, Department of Public Health (DPH) has announced it has completed the realignment of the geographical boundaries of the WUCC management areas.

The Town of North Stonington has been awarded a Small Town Economic Assistance Program

(STEAP) grant from the State of Connecticut to extend SCWA's water distribution system. The grant will be used to extend the water main further into the village of North Stonington and to the proposed new fire station.

8. MONTHLY FINANCIAL HIGHLIGHTS

General Manager Collard presented the following financial highlights:

Electric:

- Overall Electric Revenues were almost 6% more than budget. The positive variance is primarily driven by the one non-manufacturing customer revenue that was almost 35% more than budget. Degree days indicate a milder month than last year.
- Operation and Maintenance (O&M) Expenses for December were almost 8% more than budget. Long Term Debt has been adjusted to reflect savings resulting from the July bond refinancing. The variance to budget reflects the savings. O&M Expenses for the fiscal year-to-date are 1% over budget.
- Net Income for December is 18% below budget and the fiscal year-to-date Net Income from Operations is 2.1% above budget, and is the result of higher than budget revenues and lower interest expense.

Water:

- Water Revenues overall are 5.5% less than budget for the month of December and almost 13% less than last year. All classes of service except for Commercial were below budget.
- Operation & Maintenance (O&M) Expenses for December were almost 21% less than budget and 12.5% less compared to December last year.
- Positive Net Earnings before Debt Principal is 339% greater than the budgeted loss for the month, and 2 times more than budget for the fiscal year-to-date.

9. PROJECTS / INITIATIVES UPDATE

Manager Stevens gave an update on the Value Engineering of the Water Treatment Plant Upgrade project. Value Engineering was conducted at 30%, 60%, and 90% completion, as required by the State of Connecticut. Operations Manager presented drawings of the proposed configuration of the redesigned plant, and new transmission lines. Some lines will be lined, and some will be replaced.

10. OLD BUSINESS

There was no old business to discuss.

11. NEW BUSINESS

Agenda Item 11A: GUC-15-01-01: Consideration of and Action to authorize Management to issue a purchase order to JLN Associates, 43 Hatchetts Hill Road, Old Lyme, Connecticut for Project Management & Implementation Services for the coordination, oversight and implementation of a corrective action plan based on the root cause analysis of the near miss switching event at the Buddington Road Substation, in an amount not to exceed Eighty-Five Thousand, Four Hundred Dollars and No Cents (\$85,400.00) to be paid from funds available in the approved Fiscal Year 2015 budget, and furthermore that the City Council be apprised of this action with the recommendation that it concur

Commissioner Duarte moved, **Commissioner DeMuzzio** seconded to authorize Management to issue a purchase order to JLN Associates, 43 Hatchetts Hill Road, Old Lyme, Connecticut for Project Management & Implementation Services for the coordination, oversight and implementation of a corrective action plan based on the root cause analysis of the near miss switching event at the Buddington Road Substation, in an amount not to exceed Eighty-Five Thousand, Four Hundred Dollars and No Cents (\$85,400.00) to be paid from funds available in the approved Fiscal Year 2015 budget, and furthermore that the City Council be apprised of this action with the recommendation that it concur.

Director Yatcko gave a brief description of the proposed corrective action plan, which includes twenty-seven recommended actions such as rewriting current policies, equipment procurement and communication coordination. Commission Fafard suggested that the Commission be updated as to the status of the implementation of the plan. Management and staff will be involved in the implementation process. The proposed timeframe is anticipated at approximately six (6) months, with the exclusion of the telecommunication part. It was recommended that representatives meet with the Commission to discuss the plan and progress.

Motion carried.

Commissioner Fafard moved, **Commissioner Duarte** seconded to amend the Agenda to include **Agenda Item 11B: GUC-15-01-02:** Consideration of and action to approve the proposed Bond Fund Improvements, not to exceed \$42,000,000 (Forty-Two Million Dollars and No Cents) for the Reconstruction and Rebuilding of the Water Treatment Plant at 1268 Poquonnock Road, Groton, Connecticut, and Authorizing the City of Groton to enter into a Project Funding Agreement with the State of Connecticut under the Drinking Water State Revolving Fund (DWSRF) Program, and furthermore, that the proposed Bond Fund Improvements be forwarded to the City of Groton Planning and Zoning Commission and the City Council prior to consideration by the City Freeman. **Motion carried.**

Commissioner Dunbar-Rose motioned, **Commissioner DeMuzzio** seconded a motion to approve the proposed Bond Fund Improvements, not to exceed \$42,000,000 (Forty-Two Million Dollars and No Cents) for the Reconstruction and Rebuilding of the Water Treatment Plant at 1268 Poquonnock Road, Groton, Connecticut, and Authorizing the City of Groton to enter into a Project Funding Agreement with the State of Connecticut under the Drinking Water State Revolving Fund (DWSRF) Program, and furthermore, that the proposed Bond Fund Improvements be forwarded to the City of Groton Planning and Zoning Commission and the City Council prior to consideration by the City Freeman

Manager Stevens gave an overview of the modifications to the proposed project. As part of the DWSRF program, the State of Connecticut requires a full time resident engineer to oversee the construction phase of the project. Manager Stevens handed out an “Opinion of Probable Construction Cost” analysis prepared by Fay, Spofford & Thorndike that detailed the proposed project cost changes. Manager Stevens and Operations Manager recommended adding verbiage to proposed bond fund resolution to include construction phase engineering services. Mayor Galbraith disagreed, stating the current language included the cost of engineering services as written.

Motion carried.

12. POLICY GOVERNANCE

As discussed at the December 17th meeting, the Commission will wait until a new Director of Utilities is in place before continuing with policy governance.

13. EXECUTIVE SESSION

There was no executive session.

14. ADJOURNMENT

There being no further business, at 11:26 a.m., **Commissioner Duarte** moved, **Commissioner DeMuzzio** seconded a motion to adjourn. **Motion carried.**

Attest:

Paul Duarte
Clerk