

**CITY OF GROTON UTILITIES COMMISSION
/WATER POLLUTION CONTROL AUTHORITY**

Minutes of Meeting

February 20, 2019

1. CALL TO ORDER

Chairperson Hedrick called the meeting to order at 11:02 a.m.

ROLL CALL

Present: Chairperson Mayor Keith Hedrick

Commissioners: Paul Duarte, Jeffrey Godley, George Scully, Robert Zuliani

Staff present: Director of Utilities Ronald A. Gaudet
Executive Administrative Assistant Maureen French
General Manager-Information Technology Susan G. Blanchette
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
Daniel Bouges Information Technology Support Supervisor
Stephen Dietrich Water Quality Manager

2. APPROVAL OF MINUTES

Commissioner Godley moved, **Commissioner Zuliani** seconded a motion to approve the minutes of the regular meeting of January 16, 2019, with noted corrections.

Motion carried.

3. REVIEW AND ACCEPTANCE OF TREASURER'S REPORT

Commissioner Zuliani moved, **Commissioner Duarte** seconded a motion to approve the Treasurer's Report for the month ending January 31, 2019.

Motion carried.

4. COMMUNICATIONS AND CORRESPONDENCE

The following correspondence were received:

- A. Thank you from the Bill Memorial Library for Utilities Gift
- B. Thank you from Lori Mathieu at CT DPH for 1/11/2019 meeting
- C. Thank you via email from a satisfied customer for power restoration

5. PUBLIC COMMUNICATIONS

Mr. Michael Boucher 16 Hillside Avenue, Groton, addressed the Commission referencing the opportunity that Groton Utilities has to increase its entitlement allocation with the MicroGen and indicated that he would like to see CMEEC and Groton Utilities partner to provide funding to restore Bailey House. He indicated GU could partner with outside sources on energy efficient windows, solar panels, etc. This could promote CMEEC and Groton Utilities and GU Water, Electric, and Sewer would show their value to the community.

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

Michael Lane, acting CEO of CMEEC addressed this Commission during the Bozrah Utility Commission Meeting directly preceding this meeting. There was nothing to add.

7. REGIONAL WATER UPDATE

There was no update.

8. TRAINING- INTERNAL / EXTERNAL COMMUNICATION

Information Technologist Supervisor, Daniel Bouges, gave a presentation to the Utility Commission Highlighting how the City gets information to the public and to its employees.

- Internet- The new City of Groton Website went live in 2016. This site is customer and resident centric and offers news and information to include city meetings, meeting minutes, employment opportunities, and leave and trash pickup schedule. The Groton Utilities Website, which is also mobile friendly, went live in May, 2017. It provides easy access to outage information, energy conservation, bill payment information, and rates.
- Intranet- InfoHub, the City's internal site, is employee centric and offers resources to employees to include policies, calendars, and phone numbers; and has links to needed Human Resource and Finance information. There is a link to both the City of Groton Website and the Groton Utilities Website on the InfoHub page.
- Social Media – Facebook and Twitter are used to help keep the public informed. Information communicated can include outages, updates, energy conservation tips, and announcements; and offers a place for the city to post photos and videos of construction progress and events.
- NetPresenter – A company-wide desktop screensaver was developed and is used for announcements, employee news, Information Technology and Human Resource tips.

General Manager Blanchette added the importance of consistency in the message, and this provides consistency across all avenues for Groton Utilities and the City of Groton. Manger Surprenant explained one of the greatest benefits is getting the word out quickly in the event of an outage and no matter if it is during the day or at night, the message gets distributed and indicated that the system works well.

9. MONTHLY FINANCIAL HIGHLIGHTS

Accounting Manager Xiang presented

Electric:

- Overall Total Electric Revenues for January are 9% (\$417k) less than budget, and 7.6% (\$345k) less than January of last year. The negative variance came from almost all classes. The FYTD Total Electric Revenues are 1.6% more than the budget and 1.4% more than last year.
- This January was overall warmer than January of last year. Heating Degree Day requirements were 5% less than January of last year.
- O&M Expenses for the month are 3.1% (\$27k) more than budget, the FYTD O&M Expenses were 10% (\$619k) less than budget.
- The Net Income from Operation for the month is 66% less than budget and driven by the Total Electric Revenues that were 9% below budget.
- The FYTD Net Income from Operation is 2.4% (\$61k) less than budget and Net Performance after the effects of TVC is 2.9% (\$63k) less than budget.
- Days' cash on hand for the electric Division is 108 days.
- Power purchased from solar customers shown on the Statistic Schedule, 112k kWh was purchased from solar customer production for the month which is 12% more than last January and Page 5 of the financials reports almost 1.3 million kWh was purchased from solar customer production for FYTD which is 9.7% less than last FYTD.

Water:

- Water Division cash in the electric account is shown on line 20 of the balance sheet Due to Electric is \$447k 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 253 days.
- The combined Electric and Water and Sewer Utility days cash on hand is 124 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. For the FYTD almost \$22 million has been incurred for the project and a total of almost \$20 million has been received from the DWSRF loan and grant. You will note that CWIP on page 6 line 11 of the Balance Sheet is over \$29 million and will continue to rise as the project progresses.
- Total Revenues overall for January are almost 8% (63k) less than budget. The negative variances came from almost every class. YTD Total Water Revenues are 0.6% or \$34k less than the budget.
- O&M expenses for January is 5% less than budget. The gain from the positive variance in Other Income & Deductions is related to the DPH Consent Agreement projects which have only just begun. As the projects proceed we will see less of a variance impact. Net Earnings before the DWSRF Grant for the month are almost 54% (\$66k) greater than budget.
- Operation & Maintenance Expense for the FYTD is almost 18% (\$906k) less than budget. Net Earnings before the DWSRF grant proceeds for the FYTD is almost \$1.4M more than budget.
- The WTP Restricted fund (Balance Sheet line 25) contains \$2.3 million for collections through December 31, 2018.

Sewer:

- Sewer Division cash in the electric account is shown on line 24 of the balance sheet Due from Electric is \$298k 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 January 31, 2019 is \$292k. In addition it was recently brought to our attention that there are proceeds of \$650k from the issuance of the sewer treatment plant bond that will be transferred from the City to the Sewer Division. Taking that into consideration, cash balance at January 31, 2019 would be \$942k.
- Total Sewer Revenues presented for the first 7 months of operation as a division of Groton Utilities are 13% (\$50k) less budget. The negative variance was driven by the Commercial and Industrial class.
- For the FYTD revenues are 17.7% or \$515k 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-feet 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. However this issue was not as great of an impact for January 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 January is 6.5% or \$13k below budget. As a result, net Income from Operations for is 4% or \$6k more than budget.
- Operation and Maintenance expense for FYTD is over 14% or \$207k 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 almost 30% or \$298k less than budget.

10. POSSIBLE EXECUTIVE SESSION

There was no executive session.

11. PROJECTS / INITIATIVES UPDATE

A. Electric Division

- Manager Roche reported that a controller switch at the Buddington Substation had failed and has to be operated manually.
- Installation of the 15kV underground cable has started at Ella T. Grasso Technical High School.
- Manager Surprenant updated the Commission on the new radio system antennas that are being installed as part of the new state of the art digital radio system. The current radio bases will no longer be used. Radios will now operate through an internet server and the trucks will be able to communicate with each other. 99 radios are being installed and Manager Surprenant indicated the IT Department was doing a great job.

B. Water Division

- Manager Valentini reported on Granulated Active Carbon. The filter is changed every year as part of the maintenance program. A test was done, and Carbon is low. The process involves changing the carbon bed out which helps with the odor. This will be brought to the Commission next month with an estimated cost.
- Manager Valentini gave an update on the two Bailey Hill Standpipes. One is a 2.2 million gallon, the other is a 400,000 gallon. A mixing pipe is being installed and the water has to be drained to get that system in. This should take about two to three weeks.
- The Water Treatment Plant was tested for PCBs in the turbine room. Results indicate the turbine room will have to be encapsulated. Hangers need to be installed for the electric HVAC units and it's uncertain if they should be installed before or after the encapsulation. Mayor Hedrick requested a brief on cost and progress.

C. Sewer Division

No Updates.

D. Administrative

No updates.

E. Key Accounts

No updates.

12. OLD BUSINESS

A. Purchasing Policy

General Manager Blanchette presented the Commission with a packet that included first steps of reviewing Purchasing Policy. The packet included definitions of budgeted and non-budgeted for clearer understanding; explained where funds come from, and a table of authorization.

She also explained the funds listed outside of the Operations and Management budget include reserve funds, conservation funds, customer funds for certain projects, grant funds, and capital bond funds. **Commissioner Zuliani** indicated that the reports are good and will help to expedite the purchasing process.

B. Cost of Service Study

Planned Informational Session scheduled for March 4, 2019 will include a presentation by Mark Beauchamp. The meeting is being publicized on Facebook and there will be no voting because there is no change to rates.

13. NEW BUSINESS

- A.** Alternate Member Delegate to CMEEC - Due to the retirement of David Collard, Groton needs the replacement of a Member Delegate to serve on the Board. Director Gaudet recommended that CMEEC needs finance people on the Board.
- B.** Chromatograph- Stephen Dietrich, Water Quality Manager, addressed the Commission with information regarding an aging Chromatograph that is used by the WTP for water testing. The equipment was Purchased in 2002 and the company will no longer be able to support it. This valuable piece of Equipment is used to assess the health of the reservoirs, analyze chloride nitrate in tap water and monitor water in schools and office parks. The cost of replacement is estimated to be between \$40,000.00 and \$60,000.00. **Commissioner Zuliani** asked how long it would take to get a replacement, and Water Quality Manager Dietrich is hopeful it will take about a month. He further asked if the testing could be done through a subcontractor lab, and Water Manager Dietrich indicated that it would be possible, but with cost of shipping samples it would take away the flexibility of running as many samples as we could with our own unit. Director Gaudet indicated there is favorability in the Operations and Management budget, and it would be a good time to replace this unit.
- C.** Budget Review Date to be set
Each year the Commission approves the proposed budget at the April meeting. A tentative date of April 10, 2019 at 10:00 a. m. has been set to review the budget one week prior to the April GUC Meeting.
- D.** Sewer Equipment- Manager Valentini presented a list of six items for consideration of replacement
- A new Primary Influent Pump
 - Pump replacement at the Colonial Manor Pump Station
 - Two new impellers for the Plant Street Pump Station
 - A Vaughan Mixing Pump in the Primary Digester Building
 - A Huber Screen in the Influent Room used to collect materials before it continues through the plant
 - 130 feet of sewer pipe
 - Polymer Feed Pump

Director Gaudet reported that there is \$942,000.00 in sewer account. Mayor Hedrick added that the items listed above added to roughly \$185,000. **Commissioner Duarte** requested a description of the plant and how things pass through, with an explanation of the major component to each item. A diagram was discussed so that the Commission could have a better understanding of the process and how the items fit into that process. There is an open invitation for the Commission to schedule a tour of the plant at any time.

14. ACTION ITEMS

- D. GUC-WPCA-19-02-08:** Consideration of and action to allow Groton Utilities Member Delegate to act on behalf of Groton Utilities to increase its entitlement allocation in the MicroGen project. The increase in

entitlement allocation will be to the pre-determined reallocation level or may be more if available based on the total CMEEC member subscription rate.

Commissioner Duarte motioned, **Commissioner Zuliani** seconded
Motion carried

- E. GUC-WPCA-19-02-09:** Consideration of and action to authorize funding and project approval for Groton Utilities Management to proceed with replacement of a 115 kV motorize operator disconnect (MOD) switch #1280-16- 5 and associated equipment at the Buddington Substation, due to age of the switches, to be paid from current available cash as a non-budgeted project for an estimated cost not to exceed Seventy Six Thousand Five Hundred Fifty One Dollars (\$76,551.), and that the City Council be apprised of this action with the recommendation that it concur

Commissioner Zuliani motioned, **Commissioner Duarte** seconded
Motion carried

- F. GUC-WPCA-19-02-10:** Consideration and action to authorize Groton Utilities management to approve proposed Change Order No. 5 from R. H. White Construction Company, Incorporated 41Central Street, Auburn, Massachusetts for changes in scope as part of the State of Connecticut, Drinking Water State Revolving Fund (DWSRF) Project No. 2013-0140, in an amount not to exceed Seventy Two Thousand Two Hundred Forty Four Dollars and Seventeen Cents (\$72,244.17), and Mayor Keith Hedrick be authorized to execute Change Order No. 5, and that the City Council be apprised of this action with the recommendation that it concur

Commissioner Duarte motioned, **Commissioner Zuliani** seconded
Motion carried

- G. GUC-WPCA-19-02-11:** Consideration of and action to authorize Groton Utilities Management to issue a purchase order to AZ Corporation, 46 Norwich Westerly Road, North Stonington, Connecticut for payment for services rendered for installation of heaters in the invoiced amount of Twelve Thousand Four Hundred Thirty-Three Dollars and Seventy-One Cents (\$12,433.71), to be paid from funds available in the approved Fiscal Year 2019 Sewer Division budget, and furthermore that the City Council be apprised of this action with the recommendation that it concur

Commissioner Zuliani motioned, **Commissioner Duarte** seconded
Motion carried

15. ADJOURNMENT

There being no further business, at 12:32 p.m., **Commissioner Duarte** moved, **Commissioner Zuliani** seconded a motion to adjourn.

Motion carried.

Attest:

Paul Duarte
Clerk