

**SECOND TAXING DISTRICT COMMISSIONERS**

Regular Meeting Minutes  
September 16, 2014

Present:	Mary Burgess Maria Borges-Lopez Mary Geake Mary Mann Cèsar Ramirez David Westmoreland Martha Wooten-Dumas	Chairperson Vice Chairperson
Also Present:	John M. Hiscock Kevin Barber  Lisa Roland Frank Zullo, Esq.	General Manager Director of Administration & Customer Services District Clerk Tierney, Zullo, Flaherty & Murphy, PC
Public Present:	None	

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**Call To Order:**

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:00 p.m. on Tuesday, September 16, 2014. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Commissioner Burgess: "I will call the Regular Meeting of the Second Taxing District Commissioners to order Tuesday, September 16, 2014 at 7:00 p.m. and I need a motion for acceptances of the minutes of the Special Meeting of August 27<sup>th</sup> and the Special Meeting of September 9<sup>th</sup>."

**1. Acceptance of the Minutes**

Commissioner Borges-Lopez: "So moved."

Commissioner Mann: "Second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Ok then, Public Participation? I can't believe it. Ok. Item 2 on the Consent Agenda."

Commissioner Ramirez: "May I ask a question?"

Commissioner Burgess: "Yes."

Commissioner Ramirez: "What were you voting for? You were voting on the minutes or what were you doing?"

Commissioner Burgess: "We were voting on the minutes then, but now it's on the Consent Agenda."

Commissioner Ramirez: "The reason why I guess is that you have a new book? I am dealing with the old book. I didn't get anything else."

John Hiscock: "Excuse me?"

Commissioner Ramirez: "We are supposed to have a new book for the minutes and everything?"

John Hiscock: "The one that says December 16<sup>th</sup>."

Commissioner Mann: "September."

John Hiscock: "I am sorry, I can't even read."

Commissioner Ramirez: "I just brought the old book because I didn't receive anything."

John Hiscock: "Ok, two things that I will tell you is one, the document on water rates have not changed since the one in your book. And the other item that is in here is the minutes and that is it."

Commissioner Ramirez: "So the minutes of what has transpired at the Special Meetings; that is what you voted for a few seconds ago? Ok, cool.."

Commissioner Burgess: "You are all set Commissioner? You got what you need?"

Commissioner Ramirez: "Well, the answer is yes. The question is that I thought we were dealing with the old book and now I am finding out there is another new book. I wonder what happened to mine."

Commissioner Burgess: "Ok, a motion to approve the Consent Agenda?"

Commissioner Borges-Lopez: "So moved."

John Hiscock: "You can speak because I was going to say something."

Commissioner Westmoreland: "Can we discuss? Do we make the motion and then discuss?"

Commissioner Burgess: “No, you have to have a motion...go ahead John.”

John Hiscock: “I was just going tell you. That was my error. I had no intention of placing that item on the Consent Agenda. That was inappropriate. I didn’t pay attention to that issue. It doesn’t belong there. You had your hearing but now you need to discuss what happened at the hearing. So, I would suggest that one of you pull it off the Consent Agenda and we go forward on the Regular Agenda.”

Commissioner Westmoreland: “I move to pull the water increase off of the Consent Agenda.”

Commissioner Borges-Lopez: “Second.”

John Hiscock: “That was put on there by mistake.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

John Hiscock: “Ok, sorry about that.”

Commissioner Burgess: “That is alright. Now, water rates.”

## **2. Adjust Water Rates**

Commissioner Burgess: “Commissioner Westmoreland, you wish to speak?”

Commissioner Westmoreland: “Oh, sure. I am very concerned about a 6% increase. You know, the memory of the 25% increase just a couple of years ago is still strong in people’s minds. I think anytime anything increases over 5%, that is really...it feels materially to people especially in these difficult economic times. I did have a number of conversations with Mr. Hiscock in the last week or so and looked at different scenarios in terms of rate increases. The thing that seems to be driving all of this is the painting of the tanks or a good portion of it. John believes that other than the Summit Avenue tank has to be done right away. That is fine. I certainly don’t want to endanger any of the structural integrity of our tanks. There might be some flexibility in pushing out the repainting of our tanks that are shown in the capital appropriations through the 2019 period that we have. I also wonder what the other Commissioners would think. It seems to me typically or ideally you would want the cash outflow to somehow go along with a life of the particular project. And I am wondering if we couldn’t borrow the money to do the tank painting from perhaps the Second District Fund. I think we have a million dollars. And pay it back at 2% since that money isn’t doing anything anyway and then afterwards we could spread out the cash flow a little better over say 10 years and I think the typical tank painting lasts like 15 years. But just something to level the cash flow instead of having to pay all of the cash up front for all of these tanks paintings which, if we follow this plan as I understand it, we

have to raise rates 6% this year and then 3% every year through 2019 to have a positive fund balance and that just doesn't seem very palpable to me. So, I am trying to think of some creative ways to spread out the painting without...I mean the other thing we would need to look at is perhaps a 10-year projected capital plan to see, are there any other big things that are coming our way in the next 10 years. John has indicated a number of times that the water side is very predictable in terms of capital replacements. There is nothing else big on the horizon since we just replaced the filtration plant, other than the tank painting. So my feeling is that if we borrow the money. I don't think it makes sense to go externally if we are sitting on a big pile of cash anyway and spread the payments out over a 10-year period. It may be a crazy idea. I am just throwing it out there because I am really having a hard time swallowing 6% this year and 3% for the next 4 years. That is a lot of rate increases to me."

Commissioner Burgess: "Yes."

Commissioner Ramirez: "I will...not that I am echoing the Commissioner on this, but going through all of this process and I believe what we did the last time was a huge number that we increase and it is very sad that we have to make a very strong and unwanted decision for the unhealthy decisions that took place a long time ago without taking into consideration that we needed to increase it slowly instead of a big amount. Before I continue, I have a question for you Señor John. How many of these tanks actually need to be an emergency to be painted?"

John Hiscock: "Summit Avenue is a tank that needs to be immediately painted at the beginning of the next fiscal year. We have patched three leaks on the side of the tank. This winter we had to drain the tank, we had a weld seam failure and we literally had an icicle running down the outside of that tank. We still have one leak in the tank and if we are starting to spring weld seam leaks from the tank; that is extraordinarily serious. It needs to be pulled out of service and blasted on the inside so that all of the weld seams can be inspected and repaired as necessary. We have had...these tanks are now over fifty years old. They were built in 1961 with the exception of Flower Lane, which was built in 1956. They were built in 1961 all in this very short time span, maybe 1962 but that was when the tank project started and it included Michael Street, Summit Avenue, Price Street and Witch. They were all put out under the same contract, they were all done by Pittsburgh-DeMoines Steel. When we worked on the Price Street tank recently, we had some structural repairs on the inside of the Price Street tank. We had some welding. Not a lot, but enough to be concerned about it. We took care of it. Summit appears to be in worse shape. Michael, we don't think is a problem at this point. It does need to be painted. The problem with the painting system is obvious. The longer they go, the uglier they look. Witch Lane looks pretty good and as you can see is not on this list. That was the tank that was painted just before Price Street. So, my comment is Summit is critical. It absolutely has to be done. That would be a disastrous mistake to not paint Summit. The other two can be looked at and monitored and watched and could be slid back, that is a possibility. I hate to defer maintenance, but that is a possibility. The other choices as Commissioner Westmoreland has indicated that you might move money from the District and pay it back at an interest rate. The last time we approved a borrowing from the District we actually never used it."

Commissioner Ramirez: "Let's...ok we are talking about five tanks so far right?"

John Hiscock: "Yes."

Commissioner Ramirez: "Out of those five tanks obviously you have one that definitely needs to be taken care of?"

John Hiscock: "Absolutely."

Commissioner Ramirez: "Ok, that leaves four."

John Hiscock: "One was just painted, so that drops it down to three."

Commissioner Ramirez: "To three. So technically..."

John Hiscock: "The next one based on physical appearance is Michael Street, which is between Summit Avenue and...no...between Flax Hill and Soundview Avenues out by...I don't know the name of the school, is it Brookside? Possibly, I don't know the name of the school. That tank, you are starting to see a little bit of the primer coat and a tiny, tiny rust bloom. That may make a couple more years."

Commissioner Ramirez: "But the fact of the matter at this point is, if I hear you correctly, is we have one that needs to be taken care of."

John Hiscock: "Yes, absolutely one has to be done."

Commissioner Ramirez: "The other ones we can slowly move along and perhaps maybe next year or..."

John Hiscock: "The maintenance will be deferred. If we run into problems, they might have to be moved up. If it is merely painting, you know we let the Price Street tank go a lot longer than necessary and the only thing I think you are going to end up with on Michael Street is that it is in a residential neighborhood and very, very obvious and very visible. The Price Street tank was in a mostly commercial neighborhood and nobody could really see it that well."

Commissioner Ramirez: "Nobody really made an issue pertaining to that tank?"

John Hiscock: "We had some comments about Price Street. You will get way more on Michael Street. However, Michael Street will take many years before it gets like Price Street was."

Commissioner Ramirez: "I do have a problem with 6% same as the Commissioner here. I think that is a little unfair in my point of view. I am referring to what transpired a few years ago when the money was being spent without really thinking that perhaps slowly you have to do a little increase. To increase it 25% and now we are asking for 6% and for

the next following years we are going to have to do 3%. I do not agree with the 6% and I want to let the rest of the Commissioners know that I will abstain, I will oppose. We do need to definitely increase a little bit based on the facts and the numbers don't lie and eventually if we don't do anything we will have a problem. I agree with perhaps a small percentage, not with the 6%. I do agree perhaps with Commissioner..."

Commissioner Westmoreland: "Westmoreland."

Commissioner Ramirez: "Westmoreland...I have a problem pronouncing your name. To perhaps maybe utilizing the money we already have in the District and utilize it to take the emergency issue with the tank and pay it back at a very slow percentage, which would be a small amount, compared to taking care of everything. And that will also alleviate the problem not to increase it 6%. I have a problem with the issue to increase 6% to the seniors, to those folks with a fixed income. Indirectly they will be paying, everybody is going to pay, including myself, including everybody who lives in the District. For those that are working I mean eventually little by little, but for those who do not and they are on a fixed income and perhaps are seniors and even the businesses. So, that is my opinion. I do have more, but perhaps as time comes along I will say more."

Commissioner Borges-Lopez: "Commissioner?"

Commissioner Burgess: "Yes?"

Commissioner Borges-Lopez: "John, you began saying about the last time the District, the Water District borrowed from the Electric District and you didn't finish your thought. Can you please expand on that?"

John Hiscock: "We had approved the borrowing at one point from the District over to the water utility to cover cash flow shortages. We actually never took the money because the cash flow shortage that was plotted out in the plan did not occur. It got very close. One thing and I think you all have to take into consideration when you think about this, is we provided a 5-year plan based on numbers and information that is what I will call an educated guess on a cost. Each year, when you come in to the budget cycle, we look at the opening balance and we plot everything out and we move projects in and out depending on cash flow. We sometimes defer projects. We sometimes have the ability to do more projects than anticipated. If we had, and we haven't had one in a while, a very hot, warm summer, we get significantly larger revenues in the water utility due to lawn watering and just general summer warm weather use. So sometimes we end up with more cash than anticipated. Other times we end up with less. Some of these projects go back and forth, up and down. This is not a 5-year capital budget from the perspective of must, absolutely do or plan or will do. This is an illustration which essentially started out as a cash flow illustration, for the rating agency when we went to the bond issue because there was no way to simply go into the rating agency and say well yeah we've got money. It's not a problem. You need to have a very specific plan and you lay something out and that is purpose of this document. I included it here because we believe that it was a reasonably good estimation of what will occur in the current fiscal year and the next four years. So what I am trying to say to you is that these are approved one at a time and you

always have the opportunity to make changes going forward. This plan here is not for you to raise 6% in the current timeframe and then 3% every year after. This is an illustration of what would happen. Now, we think it is a good illustration. I am not saying there is anything wrong with it. But, to do all of these projects, this is what would be necessary presuming the cash flow was the same and the expenditure was the same. I think you need to look at the negative issue in the report. I have to find the page. It's actually the one before the capital budget. And you look at the negative amounts that are shown here. They are cumulative negatives, they are not each year and we go highly negative, three years out and then come back down reasonably well at the end of the five-year plan. It doesn't take a lot to change that with respect to timing, revenues or expenses. So, certainly what could happen here is you could approve a lesser increase in this timeframe and then watch what happens going forward. The risk of that is, that if you decide you have to do something, you deal with that in that budget cycle. You might end up then going back and instead having a 3%, as an example, if you raised it 4% this year and next year came along and you have another decision to make. Are you going to stick with the 3%, are you going to go down to 2%? All of those decisions are on an annual basis at this point. This is merely a pro-forma illustration of what we view as probable results of these scenarios. And when you look at the negativity, it is not big compared to an \$8 million a year revenue."

Commissioner Borges-Lopez: "So my point is that the 5-year capital budget plan is what? We had a complaint before by one of the taxpayers that came here and were saying that we increased it by 25%. So, if we don't do anything this year, we are going to have to do it next year. So, then they are going to come here and tell us we have poor planning again. Because we didn't plan for 5 years and now all of a sudden we are going to plan all of them in one year because we are running a deficit. And as far as cash from one agency to the other, from the electric into the water, I really don't think that is the right way to go. I think we should really keep the two separate and that is why I needed an explanation on it because John was saying that it was a cash flow problem at the time. It didn't merit a need for the funds to be transferred or approved from one agency to the other. So I think for this purpose, while we are planning 5 years ahead, does not merit for us to approve a loan from the electric into the water department."

Commissioner Westmoreland: "Well, just a point of clarification. I was suggesting that we borrow from the District Fund not the Electric Fund."

Commissioner Borges-Lopez: "Oh, ok."

Commissioner Westmoreland: "Because I agree that causes a lot of other issues because of our out of District customers, from the District Fund would be the only thing I would consider."

Commissioner Borges-Lopez: "Ok, I misunderstood then. I thought it was from the Electric Fund."

John Hiscock: "The advantage to that is you don't need to make the actual borrowing until you need it. You do need electors' approval. So it would be in a budget cycle. And if

you did that outside of a budget cycle, then you would have to call a special meeting. But, you have a budget cycle coming up in March of 2015, which is the current fiscal year that we are in. So you would have the opportunity in that budget process to borrow the money to use for cash in the next fiscal year, which would then be the 2015/2016. So with the District cushion and with the understanding that you might have to dip into that, you are certainly in a more comfortable position and you wouldn't have to make the decision anyway until March. Now, I am not suggesting no increase, that is not...I asked Kevin to bring this up, because the model is dynamic. He can change the number sitting at the top of that page and instantly it would change the cash flow analysis at the bottom. And that is the reason I am having Kevin here, just in case there was a discussion about what would be a more appropriate level than what I have here."

Commissioner Borges-Lopez: "Can I ask a change to 4% to see what it would look like?"

Kevin Barber: "John, have they seen the results with the 6% right?"

John Hiscock: "No. We are going to take you down through this and go down to the bottom, I think is where we need to go. I asked Kevin to put 6% in the model and then reflect the cash receipts for the rest of the fiscal year. If we did a November 1<sup>st</sup> implementation, you can see that for the rest of the fiscal year at 6%, we would take in \$235,000 and then we would go to 1/2016 the next year, \$85,000 negative, \$98,000 and \$485,000 building cash."

Commissioner Ramirez: "What would be the difference between 3%?"

John Hiscock: "Well, we are going to go back. Why don't we go back to what Commissioner Borges-Lopez asked for 4%. If Kevin, if you would go back to the beginning and put 4% in there and then scroll down, you can see that \$157,000 would be the balance for the rest of this year. At the end of following year, we would be \$116,000 negative and \$478,000, \$480,000 and then back to \$292,000 if I can read it. So that you can see the difference between 4% and 6% is a big number when you look at cash flow. However, one of the things you can look at there, now remember these include 3% in the years moving out. Ok, one of the things you can see from that is clearly that the \$1 million cash reserve at the District would cover the negative cash flows all the way through, presuming that each year you went back and made an incrementally small increase. Kevin can you go back and I am going to do a bunch of scenarios for you and lead you through it if you don't mind and then we will go back and do whatever you want. Go back and do 2%, 2%, 2%. No, I am sorry, the out years. Right there 2, 2, and 2. Ok, now you see some numbers that start to get a little uncomfortable. So..."

Commissioner Geake: "Yeah, like a half a million."

John Hiscock: "Now, we are starting to look at a cash flow situation. The other thing that I want you to understand here about the model is that it shows a 2% year increase in expenses which we think is a reasonable presumption based on obviously where things are going. Three years back the CPI was virtually flat. It came up a little. You can see that in the report and recently it has been starting to move up a little bit. Two percent

going forward, I don't really know. But, if we matched inflation, is what I am trying to point out here, is if we matched inflation going forward assuming inflation was 2% and we increased it 2% and did 4% now that is kind of where we would end up. So, I am just trying to point out the flexibility of how it all goes. And that is with no changes in the capital program and no sliding tanks backwards. So, the tanks could come in based on cash position, other than Summit."

Commissioner Ramirez: "Can you show it at 3%? What would be the difference?"

John Hiscock: "Yes, let's go back and can you reset it to where we had originally put it to 3% ok?"

Kevin Barber: "You want 3% right here?"

Commissioner Mann: "All the way across?"

Kevin Barber: "All the way across?"

Commissioner Westmoreland: "All the way across. It is still terrible."

Commissioner Geake: "Yes, it is still..."

Commissioner Westmoreland: "Kevin would you just change the first year to be 5% and then leave the rest 3%?"

Kevin Barber: "Sure, absolutely."

Commissioner Geake: "That's better."

Commissioner Westmoreland: "If I may speak?" I do feel...I don't want a 6% rate increase but I know we are going to have a rate increase that is sizeable this year followed by more rate increases, but I think when they are 2% or 3% it hurts a little bit less each year going forward. And the reason why I am pressing on the tank issue so much is just that I feel like it is irresponsible for me personally to vote on what is a five-year plan, what I know is likely to happen in five years, without at least having a chance that there being a positive ending at the end of five years and you know you can play with the rates increases and the other thing we can change is the tank painting. We can either spread it out and/or we can borrow from the District Fund. Those are the only things I can think of. I don't personally...I would not feel comfortable voting for less than a 5% increase this year because every scenario you run, unless you had something pretty close to that, it is not going to get you there at the end of 5 years, even as we push tank painting and things like that out. But, it is a tough nut but again that was why I was trying to come up with some kind of crazy ideas to change the...to smooth out the cash flow."

Commissioner Borges-Lopez: "And borrowing, how do you plan on paying it back?"

John Hiscock: “Well, if you do 5%, I think you will borrow nothing, at least in the next fiscal year you will be through. These are one year snapshots and as you know the payments are spread out over the 12 month time period and you have a feel for where things are going as you get closer. As you get closer you have a better feel for it. I mean, we could get really lucky and have a hot summer next summer and pick up an extra \$300,000 in cash just like that. I have seen them way more than that, but people don’t use water like they used to. So, the numbers aren’t as big. But you know other things are going on in South Norwalk. I mean, you have new apartment buildings that have come online, now we use energy saving fixtures and water saving fixtures and everything. So it is not going to be like the next 200 apartments are going to be a big cash. It is on the electric side, but not on the water side. As you know from the report I sent you the last time, the actual CPI cumulative is 5%, it is not 6% and that was clear in the report. It was actually 4.9% and change.”

Commissioner Borges-Lopez: “And this 6% increase, you said it is equivalent to about \$5.00, if I remember correctly, \$5.16 per quarter per average household?”

Commissioner Wooten-Dumas: “Yes, I think he did.”

John Hiscock: “I would have to look at the chart. Eighteen thousand gallons the average customer in the District is right around \$5.00 and out of District is around \$7.00, well obviously it would be \$7.50 if it was \$5.00.”

Commissioner Borges-Lopez: “Per quarter?”

John Hiscock: “Per quarter.”

Commissioner Borges-Lopez: “Sometimes we talk about 6%, 7% and it seems like it is a lot of money but also we have to put it into perspective here. We are talking about \$7.00 per quarter or \$5.00 per quarter. I have saved that alone in bottled water because of the filtration plant that we have and I no longer buy bottled water. I don’t even buy water bottle when I go out. So maybe sometimes the consumer has to apply certain practices to save the money and we are offering the users and end users here quality water. I mean really, \$29.5 million doesn’t come for free. Someone has to pay for it and unfortunately as hard as it is to see an increase. I heard someone here mention fixed income. I wouldn’t want my mom to pay more either. She is on fixed income. She is 85 years old. So we all have a story and each one of us maybe has a worse story than the next person, but there is a \$29.5 million water plant that has to be paid for.”

Commissioner Westmoreland: “I hear what you are saying exactly. I think that it’s the cumulative. Five dollars is nothing, I think to most people. But it’s the cumulative effect of all of the rate increases and the tax increases and the fact that nobody’s paycheck, unless you run a hedge fund, is going up and certainly not at 5%. It is like 1% or 2% CPI raise, if you are lucky. So, it is really a perception thing but I think it is real because it is cumulative because people are looking across at all of the bills that they have to pay not just our \$5.00 increase.”

Commissioner Ramirez: "Through the Chair?"

Commissioner Geake: "Through the Chair? I do know that but I am terrified we don't have to pay tax in the Second Taxing District. I am terrified that we may have to if something were to happen. I know we are trying to figure something out. I like the thought of a million dollars and being able to borrow against it and things. That give me a little bit more of a cushion, I feel better about it. But, I am still terrified at the thought of having to raise rates like we are talking about but again I am terrified also that for the first time the Second Taxing District would have to pay taxes. Something that we have been able to avoid forever."

Commissioner Burgess: "Commissioner Ramirez."

Commissioner Ramirez: "I do agree up to a point with Commissioner Borges that \$5.00 per half might not seem like a big deal but I have heard from a few of us at the same token echoing the Commissioner, \$5.00 per quarter and \$5.00 and something else. If you accumulate all of those increases to a senior citizen or perhaps those with a fixed income and eventually every one of us is going to be there and don't think about that once you get there this is going to go retro. It is going to go forward and therefore, if I listen to what I have heard from John, we are in a year right now that we have not overcome the crisis that we actually confronted a few years ago. I do believe that we still have one more year to go and as John stated does not really need to be increased. We can go with a small percentage and perhaps see how we are going to confront this in the next year and then we make the adjustment. I do believe in my point of view. I believe that 3% perhaps can be easier to a lot of people. I am not just thinking about myself right now. I am thinking about those that actually are in need right now. I confront a few people who actually heard this and especially those seniors and those on a fixed income individuals, it makes a big difference when its \$5.00 here, \$5.00 and everything else is increasing and none of the senior citizens get \$5.00 increase every quarter. So, therefore, I do disagree with the 6%. I do agree, yes I know for a fact we are running a business here and we have responsibilities to comply with. At the same time, I don't believe this is an emergency. Obviously we don't need it as an emergency but we do have the flexibility to look forward and see how we can adjust the increase. I do believe that nothing necessarily needs to be done at 6% or not. Yes, the quality of water is actually good except when we have problems with the odor. But, it is still good."

John Hiscock: "We just changed the carbon about a month ago."

Commissioner Ramirez: "Ok, I am glad we did."

John Hiscock: "I don't know if you noticed, but the water tastes materially better. We just redid the entire carbon."

Commissioner Ramirez: "But still for those who chose to buy bottled water, it is up to the individuals, but not everybody does. I do agree with, as I said, and will vote for the 3%

while looking forward to see what the future will be for the next year and allow us and allow our recipients to see how they can adjust with the financial economics that we have been going through all these past years and perhaps still this year. Thank you.”

Commissioner Burgess: “Yes Mary.”

Commissioner Mann: “After looking at the numbers, my thought initially was that 6% is extreme. We should not do it but after looking at the number I guess I would feel more comfortable, we have to do an increase of 5% or 4%. I think would be very reasonable. If we could put it on the agenda to review it before our budget year in March and make some more decisions then. We have to do it. We have an emergency; we have to get that tank painted. So, we don’t have a lot of options, but also don’t want to put ourselves in a financial situation that is going to be worse next year.”

John Hiscock: “You are going to have a very good indicator of where we are come the November meeting because the audit will be in, produced; the number will be finalized and we will be able to look at where we are with respect to cash in relationship to what we projected. So we will be able to compare the projection to the actual and get a feel for that and that will be another point in time where you will have an opportunity to review this.”

Commissioner Burgess: “Commissioner Dumas.”

Commissioner Wooten-Dumas: “I am just...I am unemployed. I know quite a few people who are unemployed and I for one don’t drink bottled water although my family did. But it’s neither here or there because you shower with the water or whatever, wash dishes with the water. Looking at, like you said, it is just one tank that we could possibly would have to paint, no other option. Six percent does seem like a lot. Things are going to go up and day-by-day, you have to either learn how to push back something in order to maintain what you actually need. I understand listening to David, Maria and Cesar. But it is a lot, but if we decide to go with 6%, I would go for it. But hopefully, maybe we can do the 4% or 5% but like I said, you also have to in doing this, try to educate people because things are going to get a lot worse and you are going to need water so what are you going to do? You could let go of that TV or something.”

Commissioner Burgess: “Yes?”

Commissioner Borges-Lopez: “While I empathize and sympathize with people on fixed income, senior citizens and all that, I think we have to not lose focus as Commissioners that this is an entity that we have to preserve and we have to make decisions and sometime the decisions are tough. Sometimes they are not popular and not everyone is going to agree with it, but we have to look at the bottom line and as Mary said I mean are we going to now tax people to make us solvent? We have to make the right decision. As difficult as this may be, as much as we want to sympathize and empathize with the entire customers and as a Commissioner you just have to decide what is going to be best for the agency. So, we can continue to provide the quality water that we provide to all of our customers.”

Commissioner Burgess: "Yes Commissioner."

Commissioner Wooten-Dumas: "And just on a note like you know everyone is because of the seniors and whatnot but seniors aren't the ones that you have to worry about because they know how to budget their money. They aren't out there buying \$100 sneakers and whatnot. The seniors are the ones that will take fixed social security and penny pinch it. It's not them. At least none that I know of."

[Laughter]

Commissioner Westmoreland: "I make a motion that we set the water rate increase to 5% for this next year."

Commissioner Borges-Lopez: "I will second that."

Commissioner Burgess: "Discussion on that?"

Commissioner Ramirez: "I am opposed to it. I agree to 3% and that is how I feel. You have to vote for that and I will oppose it."

Commissioner Borges-Lopez: "There is a motion on the floor for 5% and we have a second."

Commissioner Mann: "There is a motion, we have to vote on it."

Commissioner Burgess: "Ok, vote on the motion. All in favor?"

Commissioners Burgess, Westmoreland, Borges-Lopez, Wooten-Dumas, Mann and Geake: "Aye."

Commissioner Ramirez: "I oppose it."

John Hiscock: "Well, that is good going forward. You will all keep watching this thing going forward and that is important."

Commissioner Westmoreland: "Can we ask...?"

Commissioner Burgess: "Go ahead."

Commissioner Westmoreland: "That we have like a 10-year capital plan projection with the tank painting spaced out a little bit? You know the tank painting is not optional, we have to do it sooner rather than later because we don't want to be buying a new tank. But, based on what you know I think it would be helpful to see this same type of projection come budget season with spreading it out so that we can see where we are."

John Hiscock: "We can try to do that. Yes, it can be done. The only issue with any of those is if there is a failure that needs a non-discretionary, mandatory repair, it kind of

throws them out of the window every once in a while. There are a few skeletons in the closet that will come up some day that are uncomfortable and extraordinarily expensive. One of them is the East Norwalk River line; that could be very difficult situation. We have no problem with it, it has not leaked. But it is getting on in years and when that one has to be done, it is going to be an ugly one because that is running under the harbor. And I think the only other really difficult one that maybe unanticipated is because we have had a lot of failures on it is the 16" water main down Woodward, down Meadow and down Wilson to the end of Martin Luther King. Those are the two that I can think of that are large expenditures that are doing fine, you know, we have had the leaks on the 16" that goes down that route, but we have been managing. The East Norwalk River line is a problem and one looming project that is going to come out in the early part of the 6, 7, 8 year out is the replacement of the membranes in the filtration plant. When they have to be replaced. That might take a borrowing for sure. I can't say it might for sure, that is kind of contradictory but it's quite possible that would take a borrowing. Then that would be spread out over the life of the new membranes, which we know last 10 to 12 to 15 years. Those are the three things I can think of that will affect the plant, but we certainly can prepare one. And we will use a 2% a year inflation rate and you know obviously, when we get back to the late 70's early 80's, you can throw the whole thing out the window. And while I know no one likes to hear inflation, the best possible thing that can ever happen to you when you have fixed debt for a very long timeframe, is an inflationary cycle that you don't get blamed for because all of a sudden that debt looks like nothing. It's just...from a big number it comes to be a tiny number. Not that the debt changes, but everything else does."

Commissioner Burgess: "Ok, let's move to go into Executive Session."

Commissioner Geake: "So moved."

**Executive Session – 7:50 p.m. / 8:45 p.m.**

Commissioner Burgess: "Ok, we need to move out of Executive Session."

Commissioner Geake: "So moved."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "And there will be no action taken. We are back in regular session now. There will be no action taken as a result of Executive Session, correct?"

John Hiscock: "No action was taken in Executive Session. You didn't vote."

Commissioner Westmoreland: "We didn't vote, that is true."

Attorney Zullo: "Let me say one more thing so you understand. We have the covenant, it doesn't mean the land reverts to us. What is our solution if we violate it?"

John Hiscock: "Hold on."

Commissioner Westmoreland: "We need to adjourn the meeting."

John Hiscock: "We are having a problem, we are on the tape now."

Attorney Zullo: "Oh, I see, I am sorry. Well, I thought we said that before anyway."

John Hiscock: "Yes, but we are in public session now."

Commissioner Westmoreland: Motion to adjourn."

Commissioner Geake: "I second the motion to adjourn."

Attorney Zullo: "I thought we were still in Executive Session."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

### **Adjournment**

*The meeting adjourned at 8:45 p.m.*

Attest:

Lisa Roland  
District Clerk