

SECOND TAXING DISTRICT COMMISSIONERS

Regular Meeting Minutes

March 10, 2015

Present:	Mary Burgess Mary Geake Maria Borges-Lopez Mary Mann Cèsar Ramirez David Westmoreland Martha Wooten-Dumas	Chairperson (via phone) Vice Chairperson
Absent:	None	
Also Present:	Paul Yatcko Kevin Barber Lisa Roland Kara Murphy, Esq.	General Manager Director, Administration & Customer Service (via phone) District Clerk Tierney, Zullo, Flaherty & Murphy
Public Present:	None	

Call To Order:

Commissioner Burgess called the Regular Meeting of The Second Taxing District Commissioners to order at 7:05 p.m. on Tuesday, March 10, 2015. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

Commissioner Burgess: "I will call the Meeting of the Second Taxing District Commission to order March 10th at 7:05 p.m. and I need a motion for acceptances of the minutes of February 17, 2015."

1. Acceptance of the Minutes

Commissioner Wooten-Dumas: "So moved."

Commissioner Burgess: "Is there a second?"

Commissioner Mann: "Second."

Commissioner Borges-Lopez: "David you weren't here."

Commissioner Westmoreland: "You are right, I can't do that. Never mind."

Commissioner Mann: "I move it."

Commissioner Wooten-Dumas: "Second."

Commissioner Mann: "And Martha seconds it."

Commissioner Burgess: "Ok, all in favor?"

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

Commissioner Burgess: "Opposed?"

Commissioner Ramirez: "One abstention."

Commissioner Westmoreland: "Abstain."

Commissioner Borges-Lopez: "Abstain."

Commissioner Burgess: "Ok and public participation. None, then the Consent Agenda."

Consent Agenda

2. Banking Resolution

3. OPEB Trust Resolution

4. 7th Annual SoNo Banner – Funding Request

Commissioner Burgess: "Can I have someone move the Consent Agenda."

Commissioner Westmoreland: "I will move the Consent Agenda."

Commissioner Mann: "I will second."

Commissioner Burgess: "Ok, all in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed? None."

Commissioner Westmoreland: "I would like to make a motion that we move Item 8 on the Agenda, the Executive Session up to discuss the Contract Issue and to add the issue of Ryan Park as well to the Executive Session."

Commissioner Burgess: "Is there a second?"

Commissioner Mann: "I second."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: “Opposed, Abstentions, none. Ok.”

Regular Agenda

Executive Session: (7:06 p.m. – 7:45 p.m.)

Commissioner Mann: “I will motion to come out of Executive Session.”

Commissioner Westmoreland: “Second.”

Commissioner Burgess: “All in favor?”

Commissioners Unanimously: “Aye.”

Commissioner Burgess: “So, we are now out of Executive Session.”

Attorney Murphy: “You will need to switch Mary back onto a regular line?”

Lisa Roland: “I do and I need to let Cèsar come back in. Mary, I will call you on the regular phone and I have to put Kevin on.”

Commissioner Geake: “Ok, thank you.”

Lisa Roland: “You are welcome.”

Commissioner Burgess: “No action will be taken as a result of the Executive Session.”

Lisa Roland proceeded to call Kevin Barber and Commissioner Geake

Kevin Barber: “Hello this is Kevin.”

Lisa Roland: “Hi Kevin.”

Kevin Barber: “Hi Lisa, how are you?”

Lisa Roland: “Good, you are on speaker. If you give me a second, I am going to conference Mary in, so please hold.”

Kevin Barber: “Ok.”

Commissioner Burgess: “Thank you Kara.”

Commissioner Mann: “Thank you.”

Kara Murphy: “You are welcome.”

5. Electronic Payments – Update

Paul Yatcko: “The next Agenda item on the Regular Agenda is number 5, an update on the status of our plan to get electronic payments. As you know, we had a customer complaint last week and I think that complaint quite frankly is a valid one. Kevin Barber has been working this plan since the very beginning and I asked Kevin to join us through the magic of electronic communications and bring you all up-to-date on where we are. Kevin?”

Kevin Barber: “Yes, good evening Commissioners. What I would like to quickly do is just bring you up to speed as to where with our electronic payments through our soon to be released or active web portal. As you all may be aware, SNEW participated in a Department of Energy ARRA Grant a number of years ago. And part of that grant was not only to install smart meters or new electric meters, but it was also to install a meter data management system along with providing customers access to the interval data. Part of allowing customers access to that, is to install a web portal that would not only provide customers access to their interval meter reading data, but would also provide customers access to their CIS accounts and which would allow them to not only view their account transactions, meter readings but also allow them to make payments to their accounts. Part of this project required us to integrate two systems to allow them to talk together. The two systems being our customer information system and our meter data management system. The process of integrating these two systems require two companies that had not worked together to communicate their two websites to each other. This turned out to be a very large, complicated problem that took quite a long time to resolve. The difficulty was due to the fact that part way through this project we also ended up changing, due to security issues, the methodology that we used to communicate data between the two systems. As I said, we did this for security purposes. As you may be aware, the internet is forever changing and the security needs relating to systems also changes and evolves somewhat on a daily basis. We ended up changing to utilize a more secure communication system, which also caused a delay in the completion of the integration. I can tell you that the integration between the two systems is now working. It was completed probably two or three months ago and tested out. We were going through, what I will describe as our final testing process, when we did discover an issue with our credit card processor. While performing a test to make sure the test payment fully credited into not only to a customer’s account but also into the District’s bank accounts, we ran into a snag that we are still working to resolve. To make it as simple as possible, there were some configuration issue with the processor that it didn’t allow the payments to get placed into our accounts. This was made a little bit more complicated with the fact that with the change in the General Manager, the previous General Manager was the authorized name on the account. So we then had to go through a process of switching over so that our new General Manager would be a signatory or a primary account holder for the credit card processor. I have been trying to work with the processor over the last few days, even while I have been out of the office to resolve this account issue. I am hoping that this should be resolved maybe within the next week, week and one-half and when I get back in to the office we will hopefully be able to perform final tests, basically a testing of the system from beginning to end, including payments to make sure that it works properly and at which time we will be able to go live with the system. I hope that

provides you with a very quick update as to where we are and I would be happy to answer any questions you may have.”

Commissioner Borges-Lopez: “Is it reasonable to say that the system will be operating at 100% within, give us a timeline, I don’t want to kind of pin you down to a date, but 2 months, 30 days, 60 days, 90 days?”

Kevin Barber: “I would say within 60 days. I am actually hoping it would be up and running within a month, within 30 days.”

Commissioner Westmoreland: “Kevin, what is your plan in terms of rolling this out to the customers?”

Kevin Barber: “We discussed this the other day. We were actually going to go with what we would describe as sort of a soft launch. We do have a few employees who are customers that we would request that they log in as user and test it out. The District also has a few accounts that we could use just for testing purposes. At that point, we could also then slowly roll it out, if the Commissioners would like to log in and give it a shot; that would be wonderful or even then start slowly rolling it out to customers. It could be select customers, it could be random. Once we have tested it out, I am very, very confident that everything will work smoothly. It has been just a matter of notifying customers that this option is available to them.”

Paul Yatcko: “In addition, we need to give ourselves sometime to adequately train up our customer service representatives so they are fluent in the system as it is configured and as it operates and so that they are prepared to communicate with our customers about it when we get customer inquiries. So, that is going to take a little bit of time as well. We are going to need to design a customer representative training protocol. So we need a little time to roll that out as well.”

Commissioner Westmoreland: “I would recommend once you go “live” with the soft launch that you go through a couple of cycles at least with a small limited group of customers because it could all work right the first month and the second month start seeing problems, but I think it is good to go slow. We know at least one customer who contacted us last week who would probably be happy to be a guinea pig, which wouldn’t be a bad idea from a customer service standpoint. But, that is good news. I am glad that this is finally going forward and I know it has been difficult and I think soft launch is the way to go. Hopefully maybe by mid-summer we have like a big launch or something at the end of the year.”

Kevin Barber: “That sounds like a wonderful idea. I would like to add one additional thing. Not only will we be accepting credit cards through, as we will describe it, over the internet through a web portal, we are also going to have accepting credit cards through an IVR system, which is an Integrated Voice Response system. So customers can go in through our phone system and also make payments with credit cards or e-checks. So that will also be launched slowly in the soft launch as well. I know that the customer service representatives probably have a number of customers who have always been

inquiring about paying by credit card as well. We will have, I am sure, a select number that we can chose from.”

Commissioner Westmoreland: “People can pay through their bank already right, just like they pay anybody. They just go online and do...”

Kevin Barber: “They can. The only difference and thank you for actually mentioning that because that is another phase of the project. The way it is currently working with banks is a customer will log onto their bank and set up a payee to South Norwalk Electric and Water and they will say I want to pay a certain amount on a certain date. Right now, the way the bank works, is the bank actually cuts us a check and mails it to us. The next step that we will be working on is setting up so that the banks will automatically wire us that money and then send us a daily file with the customer number, account number and amount, which then would have to be brought into our CIS System and posted.”

Commissioner Westmoreland: “That is more of an efficiency thing for us. The customer doesn’t know of any difference.”

Kevin Barber: “They don’t but it will help with one aspect. If the customer does not realize that their bank mails us a check, we do run into some situations where the bank checks get delayed in the mail and we receive it after the discount period.”

Commissioner Westmoreland: “Oh gosh. Ok.”

Kevin Barber: “So, it is not often that this happens, but we have seen that. So this will actually not only help efficiency but also help resolve those few discount related issues with bank payments.”

Commissioner Westmoreland: “Do we give the customers the benefit of the doubt in that situation?”

Kevin Barber: “Well, what I think we end up doing is we have to look at it on a case-by-case basis. As I said, it doesn’t happen very often. I am not even sure of the last time it has happened. But, we usually tell customers that payments are due by the 10th so you do need to make sure that it is on time. We have actually seen where banks have cut the check on the 10th and it doesn’t get to us until the 12th, 13th or whatever. But as I said that is not a very common thing.”

Commissioner Borges-Lopez: “Not if you set it up on the first of the month. I mean that is what I do. I set it up on the 1st of the month and I can see by the date when it is posted that it is here within 5 days.”

Kevin Barber: “Yes, some customers want to wait until the last minute. They want to keep as much money in their accounts as they can.”

Commissioner Borges-Lopez: “You can’t have everything.”

Commissioner Westmoreland: "And I guess the banks want to hold it for a couple of days before they mail it."

[Laughter]

Kevin Barber: "I think that is correct, the bank makes their money on the float."

Commissioner Westmoreland: "Great, thank you."

Commissioner Borges-Lopez: "Thank you Kevin."

Kevin Barber: "You are very welcome."

Commissioner Borges-Lopez: "Now, we don't have to have a knee jerk reaction to all the politicians."

Commissioner Mann: "Chiming in. Ok"

[Laughter]

Commissioner Burgess: "Are there any more questions for Kevin?"

Commissioner Borges-Lopez: "I am sorry, I have to put that on the record, through the Chair."

Commissioner Burgess: "No? Ok thank you Kevin."

Kevin Barber: "You are very welcome."

Commissioner Borges-Lopez: "Thank you Kevin."

6. Select Auditors for Fiscal Year Ending June 30, 2015

Paul Yatcko: "Ok, the next item on the Agenda is the selection of an auditor for the fiscal year ending June 30, 2015. I have taken the opportunity to review the five proposals that we received in response to our RFP. I think it is a fair characterization to say that all five firms have the technical capability to perform the audit. They all apply the same standards, they all use generally accepting auditing standards. They use the same sampling methods and tests. They have performed other audits and they have experienced management. So it is not an issue of can any of these firms perform the job. They can all perform it. I would recommend, looking at the five of them, that we would consider starting by eliminating the firms of CohnResnick and McGladrey. They were the two high-priced proposals. And in my process I set those two firms aside. They are bigger firms, I believe that their higher prices are a result of the fact that they probably have more partners and a bigger overhead structure. The other three firms are smaller. I did call the references or email the references depending on what type of contact information

we were given. I asked about the quality of the work, the timeliness, their ability to appropriately manage an engagement as well as keep their staff committed over the pendency of the audit. Not surprisingly talking to references for auditing firms is not unlike talking to references for prospective employees. They all give glowing recommendations and tell you that the firms are terrific. I don't want to say it was a totally useless process, but the value of the information that I got was shall we say limited. Of the three firms that were left, Levitsky & Berney has worked for utilities. They have worked for Wallingford electric for a number of years. I think they said over 20 years, although they are not working for them now and they work for the water and sewer operation up in Watertown. O'Connor Davis has worked for waterworks in several Westchester communities. So they have utility experience. The third firm, MAWC doesn't appear to have utility experience. I am not clear if that is terribly critical because again the audit is consistent no matter who you are auditing. That third firm MAWC offered a fee guarantee for the second two years. They have kept their fee increase at 3% a year for the second two years, if we were to exercise our option to keep them on. My conclusion and that I will share with you, is that if it is about price I would take MAWC. They are the cheapest price to start with and they offered essentially a fee cap for the second and third years. If it's not about price and the Commission is concerned about having someone who has done a utility audit, then I would take Levitsky & Berney because they have done both water and electric."

Commissioner Burgess: "Go ahead."

Commissioner Westmoreland: "Well, would we be guaranteed that Levitsky & Berney would assign people who actually had the experience working for utilities? I mean, that is what happens with these firms."

Paul Yatcko: "Yeah, we could ask Commissioner. I don't know how successful we would be. It would depend on which of their personnel were available. I am sure we would get the engagement manager has that experience, if I remember their proposal correctly."

Commissioner Ramirez: "Also, if that is the case and the Commission decides to go with the second one, perhaps we could ask if they would also guarantee a cap for the next couple of years."

Paul Yatcko: "You could ask that. Yes."

Commissioner Ramirez: "If you cannot find any experience at all, just from what they are saying, that is something we should consider."

Commissioner Mann: "My question is, I know we tabled this from last week. Don't we have to make a decision tonight?"

Paul Yatcko: "Yes, I believe you do because this decision goes to the Electors next week."

Commissioner Mann: "Yes, next week so we have to make a decision on this."

Commissioner Westmoreland: “And you don’t think that it’s significant whether they have the utility experience or not?”

Paul Yatcko: “I have been advised and I don’t know firsthand, but I have been advised that the auditing firm that we have been dealing with for these last several years didn’t have utility experience when they first came to us. My understanding is that they have worked out just fine and that we were very happy with them. Do I think it is critical? No, I think it helps a little. If Kevin wants to weigh on this, as long as we have him on the line?”

Kevin Barber: “Well, I would just actually confirm what you said. I don’t think it is critical because all of the firms have to follow the same auditing standards. I think the only difference is whether or not they understand, like let’s say, how SNEW bills their customers, but regardless of whatever auditor we use, we are going to end up teaching the auditor the way we bill our customers so that they can go through and perform their auditing tasks. So, I agree. I don’t think it is critical that they have utility experience. It’s always good, but I don’t think it’s a definite requirement.”

Commissioner Ramirez: “So, the municipality has their own procedures in how to deal with customers, so therefore why should we pay more when we don’t have to, so I would recommend the last one.”

Commissioner Westmoreland: “And does it matter that Westport is closer than Woodbridge?”

Paul Yatcko: “Not to me. I mean, Woodbridge is right near New Haven. It’s what 30 to 35 minutes away. With my lead foot maybe it is 28 minutes away. I don’t think it matters.”

Commissioner Ramirez: “It is up to them. If they put that number in there it is because they have already considered the travel expenses.”

Paul Yatcko: “And this is a relatively small audit on the scope of things. I would expect that the time period would be tight. I am not anticipating any issue with respect to that.”

Commissioner Westmoreland: “I am perfectly fine with the low bidder and especially since they guaranteed to cap the increase and they are local.”

Commissioner Wooten-Dumas: “I agree.”

Commissioner Ramirez: “I would recommend that one myself. You know me, I like to squeeze every penny as possible.”

Commissioner Westmoreland: “I make a motion that we accept the proposal of MAWC to be our auditor for \$23,500.”

Commissioner Borges-Lopez: “I second the motion.”

Commissioner Burgess: "Any discussion?"

Commissioner Geake: "I have a question."

Commissioner Burgess: "Yes, Go ahead."

Commissioner Geake: "I was under the impression they wanted \$23,500, but then they had some substantial other bills that they would be billing us for if needed. Is that correct?"

Paul Yatcko: "That is true of all of the firms. They provide hourly billing rates if you go outside of scope."

Commissioner Geake: "And they were the only one that actually stated that?"

Paul Yatcko: "Actually I think O'Connor Davies did as well, if I remember correctly."

Commissioner Geake: "Ok, thank you."

Paul Yatcko: "You are welcome. Yes, O'Connor Davies did indeed quote other rates."

Commissioner Burgess: "Are there any other questions?"

Commissioner Ramirez: "So, they are the only ones who will give us a price?"

Paul Yatcko: "They all quote rates for additional work that goes beyond the scope of the basic audit."

Kevin Barber: "And if I can add one comment to that? Over the last 12 years that the previous auditor was involved, I believe that they only had one year when there was any extra charges involved and I believe that was all related to the OPEB Trust. So, while we may have asked for those prices, it is not a common thing for us to go and require extra services from the auditors."

Commissioner Burgess: "Are we ready to vote?"

Commissioner Geake: "Yes."

Commissioner Burgess: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Burgess: "Opposed, abstentions? None, ok budget."

7. Approve and Recommend to the Electors the 2015-2016 District Budget

Paul Yatcko: “Tab 7 contains the summary of the budget that we are recommending for the next fiscal year. As with the auditing firm, the Commission needs to approve and recommend the District’s budget for the Electors’ approval next week. Now, unfortunately as you may know, I arrived here on site too late in the process to have any significant impact on the budget and frankly my effort in the last two weeks has been to try and get up to speed on it, understand how the budget was developed and what the key assumptions are that provide a foundation for it, and as a result I can’t speak to the budget in any degree of useful specificity. I apologize for that. But, we do have Kevin on the phone here. He is prepared to speak to it in detail. I understand that several of you were not here at the last meeting when Kevin discussed the budget in some detail and we are prepared to have him summarize the budget again if you so desire or if you desire we can simply answer any additional questions that you have at this point. So whatever your pleasure is.”

Commissioner Burgess: “Yes, Commissioner.”

Commissioner Ramirez: “I just have a couple of questions and I will be done. Kevin, can you hear me?”

Kevin Barber: “Not very well. Somebody may have to relay any questions to me.”

Commissioner Ramirez: “Alright. One of my main concerns is the Youth Summer Program budget. It is still open right? Yes?”

Commissioner Mann: “Yes.”

Commissioner Ramirez: “Ok. Most of the community budget that we had last year is still on, is that correct?”

Kevin Barber: “The community projects or any of the budget items from last year in the community service project section of the budget has remained the same. Actually I am looking at it right now. The budget has stayed exactly the same as last budget.”

Paul Yatcko: “That is correct.”

Commissioner Ramirez: “Ok.”

Commissioner Borges-Lopez: “It is on page 3, do you have it?”

Kevin Barber: “I am sorry?”

Commissioner Borges-Lopez: “No, I was asking Cèsar if he had it because it is on page 3 of the book.”

Kevin Barber: “That is correct. Page 3.”

Commissioner Ramirez: "Ok beautiful. Thank you Kevin."

Paul Yatcko: "You are welcome."

Commissioner Ramirez: "And the electric assistance is still the same right? Ok thank you Kevin."

Kevin Barber: "You are very welcome."

Commissioner Burgess: "Go ahead David."

Commissioner Westmoreland: "Just a couple of questions. I went through and read most of it myself. I wasn't sure because I didn't actually go through the capital requests on the water side with a fine tooth comb, are we planning on repainting the Summit Avenue water tower this year?"

Kevin Barber: "Let me just flip through."

Commissioner Westmoreland: "That is what I understood the plan last year to be, is that we will do that this year."

Kevin Barber: "Yes, we have in the current year's budget what we describe as an extraordinary maintenance project in the amount of \$500,400 to paint the Summit Avenue tank. I can explain to you that it is not shown as an individual capital project."

Commissioner Westmoreland: "Ok, that is why I couldn't find it."

Kevin Barber: "Because that is actually considered a maintenance project. So, it actually appears in one of the line items on the water's operating budget."

Commissioner Westmoreland: "So, that is going to be done in 2015?"

Kevin Barber: "That is going to be done in the fiscal year 2015/2016."

Commissioner Westmoreland: "Ok, my other two questions are just at a macro level adopting this budget, I mean just looking at it, do you think we probably will need to consider an increase on the water side and an increase on the electric side?"

Kevin Barber: "As the Commission requested, we did include a five-year operating budget in this year's budget. Obviously, the five-year budget is more for informational illustration purposes and if you were to look on page 13 at the very bottom, we indicated some, from what I describe as budget increases. And it does show slight increases in revenues and expenses each year. The revenues are, if we have a very wet year or a very dry summer, it obviously can dramatically affect our revenues. So, we kind of placed just a flat 3% increase and that could be made up by just increasing usage by customers as opposed to a rate increase. So it doesn't indicate a rate increase, but it does indicate an increase in the revenues in one fashion or the other."

Commissioner Westmoreland: "So it is likely, assuming we have a normal year precipitation wise, it is likely that we will need to have a 3% increase?"

Kevin Barber: "Yes, you could look at it from that point of view."

Paul Yatcko: "I believe that is in the next fiscal year."

Commissioner Westmoreland: "Right, I just don't want to get into the situation again. I would rather do smaller increases every year then a big increase again. I don't want to lose track of that."

Paul Yatcko: "Understood."

Kevin Barber: "Absolutely and this sort of leads into that sort of an approach and many years ago we did have the approach that we do smaller, as we describe to as maybe, cost-of-living adjustments to the water rates as opposed to bigger ones. That is obviously a Commission decision."

Commissioner Westmoreland: "And you did the same thing on the electric side?"

Kevin Barber: "Yes, the electric side as well."

Commissioner Westmoreland: "Ok, great that is all I have."

Commissioner Borges-Lopez: "Ok, any more questions on the budget? I guess we need a motion to recommend the budget to the Electors?"

Commissioner Westmoreland: "So moved."

Commissioner Wooten-Dumas: "Second."

Commissioner Borges-Lopez: "All in favor?"

Commissioners Unanimously: "Aye."

Commissioner Borges-Lopez: "Abstentions? None."

Paul Yatcko: "I believe that is all you have on your formal agenda for this evening."

Commissioner Borges-Lopez: "Ok, I need a motion to adjourn."

Commissioner Wooten-Dumas: "Before 9 o'clock, wow."

Commissioner Westmoreland: "A motion to adjourn."

Commissioner Geake: "Before we make a motion to adjourn, should we talk about the fact that we have the Electors' Meeting next week, a reminder?"

Commissioner Borges-Lopez: "Yes, at 8 o'clock?"

Lisa Roland: "We need a quorum."

Commissioner Westmoreland: "Is it 8?"

Lisa Roland: "8 o'clock. Yes, it is 8."

Commissioner Westmoreland: "Ok, I have to be at a City Council Ordinance Committee Meeting again but that is at 7 so hopefully I can get out and get over here by then."

Commissioner Borges-Lopez: "Can you bring a few Electors with you?"

Commissioner Westmoreland: "And bring some Electors with me."

Lisa Roland: "Mimi cannot be here."

Commissioner Borges-Lopez: "Mimi will not be here. Ok, we will be here."

Commissioner Mann: "I am going to be here."

Commissioner Borges-Lopez: "So a motion to adjourn. Is that ok Mary?"

Commissioner Geake: "Yes that is fine, I just wanted to make sure that it was talked about."

Commissioner Mann: "Now, you make sure you get us some people, Mary."

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

Commissioner Borges-Lopez: "All in favor?"

Commissioners Unanimously: "Aye."

Adjournment

The meeting adjourned at 8:45 p.m.

Attest:

Lisa G. Roland
District Clerk