

MINUTES OF THE BOARD OF WATER COMMISSIONERS

The regular meeting of the Board of Water Commissioners was held on Thursday January 6, 2011 at the department offices, 605 West Queen Street, Southington, CT. A recording of this meeting can be found file tapes #566 and #567.

PRESENT: President Thomas Murphy, Vice President Erik Semmel, Secretary & Treasurer Robert Berkmoes, Commissioners Angelina Santa Maria and Michael Domian, Superintendent Thomas West, Assistant Superintendent Frederick Rogers, Office Supervisor Ann Marie Anop and stenographer Janice Eisenhauer.

1. CALL TO ORDER

The meeting was called to order by President Murphy at 7:32P.M. A quorum is determined.

2. Approval of Minutes of December 9 Meeting and December 21 Special Meeting.

A motion was made by Vice President Semmel to accept the minutes as presented of the December 9, 2010 meeting. Commissioner Domian seconded his motion. There were no remarks on the motion. It passed on a voice vote. Commissioner Santa Maria abstained.

A motion was made by Commissioner Santa Maria to accept the minutes as presented for the special meeting of December 21, 2010. The motion was seconded by Commissioner Domian. There were no remarks on the motion and it passed on a voice vote.

3. Communications

a) Communications from the Public
None

b) Communications from Administration
None

c) Communications from Board Members

Commissioner Santa Maria thanked the board for its participation in the annual toy drive she sponsors yearly. Superintendent West added that a written thank you note had been received.

4. Financial Matters

a) Review of Water Billings & Outstanding Jobbing Bills & Approval of Invoices

Following review of proposed invoices and current jobbing bills, Commissioner Santa Maria made a motion to approve the invoices and jobbing report as presented. Her motion was seconded by Treasurer Robert Berkmoes and passed on a voice vote.

5. Committee Reports

- a) Executive Committee
No report

- b) Infrastructure Committee

There will be a meeting of this committee on January 18 at 4PM at the department offices.

- c) Technology Committee

No report

6. OLD BUSINESS

- a) Update on DEP "Stream Flow" Regulations.

Superintendent West updated the board. The Regulations Review Committee has again rejected the proposed regulations. Since the election and new committee assignments, there are many new faces on the Regulations Review Committee. There will also be a new DEP Commissioner. Next action on this is projected to be at the beginning of February. Joe Markley is on the Regulations Review Committee.

- b) Water Service Line Protection Plan.

There are more than 900 subscriptions. Superintendent West reported on the marketing of the plan. Product information is being included in water bills. As Safety Valve plans sunset, customers are being contacted about Southington's plan. Covered properties are renewed automatically unless the department is notified otherwise, or the property changes owner.

- c) West Street, West Center and Welch Road Water Mains Projects.

Assistant Superintendent Rogers reports. He refers the board to a letter received from Caracas Construction requesting an extension on the project deadline, "due to unanticipated and unforeseen underground conditions." Rogers acknowledges that they did have some challenges. There were unmarked utilities in some places and some delays. He feels comfortable to approve the extension until May 30, 2011 in light of the operating season and when hot pack becomes available. There was some discussion. President Murphy had some questions about the final paving. West answered. Caracas will do the final pave on Welch Road next year. On West Street, the town did have plans to do drainage upgrades and then a mill-and-pave project. This will probably be a joint project between the town and the water company. On West Center Street the town has indicated recently that they may plan to repave. The road is desperately in need of a complete repaving. West feels that the Water Company should consider

participation with the town to achieve a better than acceptable result.

The water board discussed at some length the excellent cooperation from the police department on this project. Rogers pointed out that it was the result of a plan set up by Ed Pocock and implemented by Caracas Construction Corporation and the Southington Police Department. All are pleased with the outcome.

Commissioner Berkmoes made a motion to extend the contract with Caracas Construction Corporation to May 30, 2011. The motion was seconded by Commissioner Kemmel. There were no remarks on the motion. It passed on a voice vote.

d) Mariondale Storage Tank Replacement Project.

Superintendent West reported that the project is fully engineered and ready to go. The final decision from the council on the bonding is awaited.

7. NEW BUSINESS

a) Report on 2009-2010 Audit by Budwitz and Meyerjack, P.C.

Michael Ziebka, CPA spoke to the board regarding the completed certified financial audit and report for the last fiscal year. It has been submitted, as required, to the state. He was complimentary to the management, office supervisor and staff for exemplary skills which produced absolutely clean reports. Ziebka expressed appreciation for the excellent cooperation and communication between the staff and the accounting firm.

His highlights included, but were not limited to: balance sheet, accounts receivables including net realizable value, assets, bonds payable in detail, accounts payable, debt structure, revenue and expense in relation to rate structure, labor costs and cash flow. The accountants encountered no difficulties with the books and records. There were no errors or discrepancies. Ziebka expressed no concerns whatsoever in regard to the new bonding venture coming on for the capital projects bonding being discussed. The speaker requested that the record show that the auditors are on board with this, without reservation. He took questions from the board. There was a discussion about banking and investment, per query from the Finance Board, and Ziebka discussed this at some length and answered questions. Credit card water bill payments and the inherent expense involved was also discussed. Ziebka also suggested that the rate structure needs to be scrutinized in relation to expenses more closely and more often. The board asked for a formal Basic Defense Interval Report, i.e. operating expenses vs revenue ratio, relating to rate structure. Ziebka will provide it for review of the board. It was noted that the pending bonding, to finance the ongoing maintenance of the water delivery system will not influence rates. However there are other dynamics of distribution that contribute to changes in water rates. Ziebka made a recommendation that it would be good to get the figures together earlier next year to allow an earlier filing with the state commissioners. Given recently updated accounting procedures, it

is anticipated that this will be accomplished. Ziebko also recommended that the Water Department diversify its services. Superintendent West commented on the new, and popular, Water Service Line Protection Plan presently being offered to customers. Superintendent West discussed cash reserves on hand with Ziebka, who confirmed that the present contingency resource fund of the Southington Water Department is comfortable. Ziebka was highly complimentary to the management and staff.

b) ICMA section 457 Plan.

Superintendent West provided a quick overview. The employees have a 457 retirement plan, similar to a 401k except it is available to municipalities. The plan has a provision for participants to borrow from their personal pre-tax investment in the plan. This benefit has never been invoked for the water department group. The cash value is available for a loan, up to half the cash value. The loan must be repaid over 5 years, through payroll deduction, at 1/2 point above prime. There was a general discussion with questions of the commissioners answered. Commissioner Santa Maria made a motion to amend the employees' ICMA 457 retirement plan to allow and permit loans to employees, within the provisions of the presented resolution. The motion was seconded by Commissioner Semmel and passed on a voice vote.

c) Connecticut Municipal Employees Retirement Plan (CMERS) employer contribution changes for 7/1/2011.

A notice from the State of Connecticut, Retirement and Benefit Services Division regarding the CMERS retirement plan for employees is included with the board's packet. It essentially notifies the Water Board that its employer contribution for the year beginning July 1, 2011 will be increased to 11.56% of payroll. Based on this year's budgeted labor expense, the increase for the Southington Water Company will be an astonishing \$53,000. Apparently, the state anticipates a shortfall in funds for the upcoming fiscal year due to poor return on their investments. This is an assessment. There is no discussion. The stock market fell apart in the last few years and the fund pool is not adequate to meet its obligations. This year the Water Department's additional share is \$53,000. There is no option. The State Retirement Commission has so notified us. Next year's contribution is in flux, but it is anticipated to be larger. The new budget will reflect this additional expense.

d) Medication Return Program 2011.

Plans are underway to continue the successful medication return program. Superintendent West suggests April 30, since the state is planning to hold a statewide program that day. Bristol Water is interested in participating again. The committee is in place. Commissioner Santa Maria wishes to be reappointed to the committee. Councilman John Dobbins is on board. Commissioner Berkmoes made a

motion to hold the Medication Return Program on April 30, 2011, with expenses to the Southington Water Department not to exceed \$3500. Commissioner Domian seconded his motion. The motion passed on a voice vote

Following a brief discussion, Commissioner Semmel made a motion to adjourn briefly to executive session, barring the public and press, including the Superintendent, Assistant Superintendent and Office Supervisor. The motion was seconded by Commissioner Santa Maria and passed on a voice vote. The board entered executive session at 9:14PM.

8. EXECUTIVE SESSION ANTICIPATED FOR PERSONNEL AND NEGOTIATION MATTERS.

Commissioner Semmel made a motion to adjourn to executive session, barring the public and the press, but including the Superintendent, Assistant Superintendent and Office Manager. The motion was seconded by Commissioner Santa Maria and passed on a voice vote. Adjournment to executive session, at 9:14PM.

The Board entered executive session at 9:14 P.M.

The Board discussed 1 Negotiation matter, and 1 personnel matter and 1 real estate matter.

The Board left Executive Session at 10:18 P.M.

Commissioner Berkmoes excused himself from the meeting at 10:19 P.M.

Commissioner Semmel made a motion to adjourn to executive session, barring the public and the press, but including the Superintendent, Assistant Superintendent and Office Manager. The motion was seconded by Commissioner Santa Maria and passed on a voice vote. Adjournment to executive session, at 10:20 P.M.

The Board entered executive session at 10:20 P.M.

The Board discussed 1 Negotiation matter.

The Board left Executive Session at 10:30 P.M.

e) Hawks Landing Lease Extension.

Superintendent West briefly described the goal of the amendment to the lease terms (for the driving range parcel which is owned by the Water Department) with Hawk's Landing Country Club was that they wanted the lease term to more closely match the financing the Country Club was undergoing in order to purchase the land that associated with

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the golf course. This would add on five four year extensions (to be approved by both the Water Department and the Country Club) to the end of the existing lease. Currently the lease only has a provision for one four year lease extension. All other terms of the lease will remain the same.

Commissioner Domian made a motion to approve the first amendment to the Hawk's Landing Country Club lease as presented. Commissioner Semmel seconded the motion and it passed unanimously.

Commissioner Santa Maria made a motion to adjourn the meeting. Commissioner Domian seconded the motion and it passed unanimously.

The meeting adjourned at 10:32 P.M.

Attest:

Robert M. Berkmoes, Secretary & Treasurer