

**BOARD OF FINANCE  
SPECIAL MEETING  
The Metropolitan District  
555 Main Street  
Hartford, Connecticut 06103  
Monday, October 1, 2018**

**PRESENT:** Commissioners Luis Caban, Donald Currey, Allen Hoffman and Pasquale J. Salemi; Citizen Members Ron Angelo and Linda King-Corbin; and District Chairman William A. DiBella (7)

**ABSENT:** Citizen Member Ram Aberasturia (1)

**ALSO**

**PRESENT:** Commissioner Domenic M. Pane  
Scott W. Jellison, Chief Executive Officer  
John M. Zinzarella, Deputy Chief Executive Officer, Business Services  
Christopher Stone, Assistant District Counsel  
Brendan Fox, Assistant District Counsel  
John S. Mirtle, District Clerk  
Christopher Levesque, Director of Operations  
Sue Negrelli, Director of Engineering  
Robert Schwarm, Director of Information Technology  
Kelly Shane, Director of Procurement  
Lisa Remsen, Financial Analyst  
Karyn Blaise, Controller  
Nick Salemi, Special Services Administrator  
Kerry E. Martin, Assistant to the Chief Executive Officer  
Carrie Blardo, Assistant to the Chief Operating Officer  
Victoria S. Escoriza, Executive Assistant  
David Silverstone, Consumer Advocate

**CALL TO ORDER**

Chairman Salemi called the meeting to order at 5:03 PM

**PUBLIC COMMENTS RELATIVE TO AGENDA ITEMS**

No one from the public appeared to be heard.

**APPROVAL OF MINUTES**

***On motion made by Commissioner Hoffman and duly seconded, the meeting minutes of the Board of Finance meeting of August 6, 2018 were approved.***

**2018 OPERATING BUDGET TRANSFER**

To: Board of Finance for consideration on October 1, 2018

The 2018 Metropolitan District operating budget is forecasting deficits in the following functional areas: Chief Executive Office, Legal, Command Center and Operations. The forecasted deficit in the Chief Executive office is due to overlapping positions as a result of a retirement. The Legal Department is forecasting a deficit due to increased federal lobbying efforts and the Command Center and Operations departments are forecasting shortfalls in overtime due to the high volume of water main breaks during the winter of 2018.

**CERTIFICATIONS:**

In accordance with Section 3-8 of the Charter of The Metropolitan District, I hereby certify that there exists free from encumbrances, in the following appropriation, the amounts listed:

<b>From:</b>	<b>General</b>	<b>Water</b>	<b>Total</b>
Department 15 - Human Resources	63,000.00	65,600.00	128,600.00
Department 17 - Information Systems	90,700.00	184,300.00	275,000.00
Department 18 - Finance	49,000.00	51,000.00	100,000.00
Department 19 - Environment, Health & Safety	12,300.00	12,700.00	25,000.00
Department 20 - Engineering Planning	29,400.00	30,600.00	60,000.00
Department 40 - Operating Office	22,800.00	23,700.00	46,500.00
Department 404 - Plant Maintenance	49,000.00	51,000.00	100,000.00
Department 50 - Water Treatment & Supply	-	173,000.00	173,000.00
Department 70 - Debt Service	17,700.00	38,200.00	55,900.00
Department 741- Special Agreements & Programs	-	219,600.00	219,600.00
	<u>333,900.00</u>	<u>849,700.00</u>	<u>1,183,600.00</u>

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John M. Zinzarella  
Chief Financial Officer

It is therefore RECOMMENDED that it be:

**Voted:** That the Board of Finance recommends to the District Board passage of the following resolution.

**Resolved:** That transfers within the 2018 Budget Appropriations be approved as follows:

<b>From:</b>	<b>General</b>	<b>Water</b>	<b>Total</b>
Department 15 - Human Resources	63,000.00	65,600.00	128,600.00
Department 17 - Information Systems	90,700.00	184,300.00	275,000.00
Department 18 - Finance	49,000.00	51,000.00	100,000.00
Department 19 - Environment, Health & Safety	12,300.00	12,700.00	25,000.00
Department 20 - Engineering Planning	29,400.00	30,600.00	60,000.00
Department 40 - Operating Office	22,800.00	23,700.00	46,500.00
Department 404 - Plant Maintenance	49,000.00	51,000.00	100,000.00
Department 50 - Water Treatment & Supply	-	173,000.00	173,000.00
Department 70 - Debt Service	17,700.00	38,200.00	55,900.00
Department 741- Special Agreements & Programs	-	219,600.00	219,600.00
	<u>333,900.00</u>	<u>849,700.00</u>	<u>1,183,600.00</u>

To:	General	Water	Total
Department 12 - Chief Executive Office	22,800.00	23,800.00	46,600.00
Department 14 - Legal	36,800.00	38,200.00	75,000.00
Department 21 - Command Center	33,000.00	64,000.00	97,000.00
Department 30- Operations	241,300.00	723,700.00	965,000.00
	<b>333,900.00</b>	<b>849,700.00</b>	<b>1,183,600.00</b>

Respectfully Submitted,

Scott W. Jellison  
Chief Executive Officer

***On motion made by Commissioner Caban and duly seconded, the report was received and resolution adopted by unanimous vote of those present.***

**QUARTERLY FINANCIAL REPORT**

John M. Zinzarella, Deputy Chief Executive Officer, Business Services presented the quarterly financial report.

**METROPOLITAN DISTRICT**

**FINANCIAL SUMMARY**

**YEAR TO DATE JUNE 2018**

**(\$ Millions of Dollars)**

	2018 Actuals	2018 YTD Budget	2017 Actuals	Variance To Budget	Variance To PY Actuals
Volumetric Sales of Water	25.8	26.3	25.8	(0.5)	0.0
Billed Consumption (CCFS)	8.0	8.4	9.3	(0.4)	(1.3)
YTD Production (CCFS)	11.4	9.0	11.0	2.5	0.4
Customer Service Charge	\$ 10.8	\$ 10.6	\$ 11.9	\$ 0.1	\$ (1.1)
NMT					
NMT Surcharge General	\$ 1.0	\$ 1.0	\$ 1.2	\$ 0.1	\$ (0.2)
NMT Surcharge Capital	\$ 0.1	\$ 0.1	\$ 0.1	\$ (0.0)	\$ (0.0)

**SEWER REVENUES**

	<b>2018 Actuals</b>	<b>2018 YTD Budget</b>	<b>2017 Actuals</b>	<b>Variance To Budget</b>	<b>Variance To PY Actuals</b>
Taxation - Member Towns	\$ 20.8	\$ 20.8	\$ 19.5	\$ -	\$ 1.4
Gov't Agency Revenue	\$ 2.5	\$ 2.3	\$ 2.0	\$ 0.3	\$ 0.5
Other Sewer Revenue					
PMU Overhead	\$ 4.6	\$ 3.9	\$ 5.4	\$ 0.8	\$ (0.8)
Other Revenues(1)	\$ 2.1	\$ 2.4	\$ 1.5	\$ (0.3)	\$ 0.7
Sewer User Charge	\$ 3.1	\$ 5.5	\$ 3.9	\$ (2.4)	\$ (0.8)

(1)

Does not include fully reserved Groundwater Remediation

**METROPOLITAN DISTRICT****FINANCIAL SUMMARY****YEAR TO DATE JUNE 2018****(\$ Millions of Dollars)****KEY EXPENSES**

	<b>2018 Actuals</b>	<b>2018 YTD Budget</b>	<b>2017 Actuals</b>	<b>Variance To Budget</b>	<b>Variance To PY Actuals</b>
<b>Debt</b>					
Interest on Bonds	\$ 9.6	\$ 9.6	\$ 9.7	\$ 0.0	\$ (0.1)
Principal on Bonds	\$ 16.6	\$ 16.7	\$ 16.5	\$ (0.1)	\$ 0.1
Interest and Note Issue Expense	\$ 0.7	\$ 1.3	\$ 0.1	\$ (0.6)	\$ 0.5
Legal Services	\$ 0.5	\$ 0.9	\$ 0.8	\$ (0.4)	\$ (0.3)
<b>TOTAL DEBT SERVICE</b>	\$ 27.3	\$ 28.4	\$ 27.1	\$ (1.1)	\$ 0.2
<b>Payroll</b>					
Regular Pay	\$ 18.3	\$ 18.6	\$ 18.4	\$ (0.3)	\$ (0.2)
Overtime Pay	\$ 2.2	\$ 1.8	\$ 2.0	\$ 0.4	\$ 0.2
Temporary Help	\$ 0.2	\$ 0.3	\$ 0.2	\$ (0.1)	\$ (0.0)
Standby	\$ 0.1	\$ 0.1	\$ 0.1	\$ (0.0)	\$ 0.0
Longevity	\$ 0.0	\$ 0.0	\$ 0.0	\$ (0.0)	\$ 0.0
<b>TOTAL PAYROLL</b>	\$ 20.8	\$ 20.8	\$ 20.8	\$ 0.0	\$ 0.0
<b>Employee Benefits</b>					
Medical & Dental Prem. & Claims	\$ 3.7	\$ 3.7	\$ 3.3	\$ 0.0	\$ 0.4
Pension	\$ 5.3	\$ 2.7	\$ 3.9	\$ 2.7	\$ 1.5
OPEB	\$ 2.3	\$ 2.0	\$ 1.7	\$ 0.2	\$ 0.5
Social Security	\$ 1.5	\$ 1.5	\$ 1.5	\$ (0.0)	\$ 0.0
<b>TOTAL EMPLOYEE BENEFITS</b>	\$ 12.8	\$ 10.0	\$ 10.4	\$ 2.9	\$ 2.5
<b>Other Key Expenses (Water &amp; Sewer)</b>					
Electricity	\$ 2.5	\$ 4.0	\$ 2.6	\$ (1.5)	\$ (0.0)

**METROPOLITAN DISTRICT**  
**FINANCIAL SUMMARY**  
**YEAR TO DATE JUNE 2018**  
**(\$ Millions of Dollars)**

**CONSTRUCTION IN PROGRESS**

<b>Capital Project Expenditures</b>	<b>2018 YTD</b>
Combined	\$ 9.8
Sewer	\$ 5.7
Water	\$ 5.1
<b>CIP TOTAL</b>	<b>\$ 20.6</b>

<b>Clean Water Projects</b>	<b>2018 YTD</b>	<b>CUMULATIVE</b>
CWP Referendum 1 (\$800M)	\$ 9.0	\$ 753.8
CWP Referendum 2 (\$800M)*	\$ 76.3	\$ 447.6
<b>TOTAL CLEAN WATER PROJECTS</b>	<b>\$ 85.3</b>	<b>\$ 1,201.4</b>

\* Additional Funding Added Supplemental Referendum (\$140M)

**Total Grants and Loans**  
**DWSRF and CWSRF**

	<b>2018 YTD</b>	<b>2017 YTD</b>
	<b>Actuals</b>	<b>Actuals</b>
Total Grants	\$ 22.5	\$ 29.9
Total Loans	\$ 41.9	\$ 54.3
	<b>\$ 64.4</b>	<b>\$ 84.2</b>

**On Time Payments 2018**

2018

<b>Water</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Billing Revenue	6.3	6.9	6.5	6.5	6.5	7.4	8.2	8.5	56.8
Payments	6.1	6.4	6.8	6.9	6.8	6.7	8.5	8.6	56.7
% of Payments Collected	96%	94%	103%	106%	104%	91%	104%	101%	100%

<b>Sewer</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Billing Revenue	1.2	.6	.7	1.2	1.	1.2	1.	1.2	8.1
Payments	.9	.5	.9	.8	1.	1.1	1.	1.	7.1
% of Payments Collected	72%	86%	133%	65%	91%	89%	97%	87%	90%

<b>CWP</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Billing Revenue	4.3	4.3	4.3	4.2	4.5	5.2	5.6	5.9	38.3
Payments	3.9	4	4.2	4.3	4.5	4.4	5.2	5.5	36.1
% of Payments Collected	91%	93%	100%	101%	100%	85%	93%	94%	95%

\*based on the month it was reported/collected

<b>Sludge/Septage</b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Billing Revenue	-	.6	.5	.6	.6	.6	.6	.5	4.1
Payments	-	.3	.3	.6	.6	.5	.6	.5	3.4
% of Payments Collected	-	62%	56%	89%	89%	77%	101%	96%	81%

Rounded to \$100k

**RECOMMENDATION OF AUDITORS FOR FISCAL YEAR 2018**

**To:** Board of Finance for consideration on October 1, 2018

The financial auditors are appointed annually by the Board of Finance. In 2014, the District solicited competitive proposals from qualified auditing firms on the State of Connecticut Department of Administrative Services contract and awarded a one-year contract, with the option for two additional one-year renewals to the firm of Blum, Shapiro & Company P.C.. Following past practice, annually, the Board of Finance has reappointed the incumbent auditor in the interim years, although this practice is not obligatory. The single-year term has been retained so that performance of the auditor may be evaluated annually; with the option of change should the finding be negative.

In the spring of 2018 Staff solicited competitive proposals from three qualified auditing firms on the State of Connecticut Department of Administrative Services contract for auditing services. After review of the three submitted proposals, it is the recommendation of Staff that the Board of Finance appoint the firm of Blum, Shapiro & Company, P.C. to conduct the 2018 audit. The Blum, Shapiro & Company, P.C. proposal included a one-year contract with the option for four additional one-year renewals.

If, after discussion, it is the consensus of the Board of Finance that the firm of Blum, Shapiro & Company, P.C. be appointed for fiscal year 2018, it may be

**Voted:** That the Board of Finance appoints the firm of Blum, Shapiro & Company, P.C., to audit the financial statements of the Metropolitan District for the year ending December 31, 2018, based upon the hourly rate fee schedule contained within State of Connecticut Department of Administrative Services

Contract, with total fees not to exceed \$160,000. And that the Procurement department will work with the Board of Finance to determine availability of additional potential candidates for the Fiscal Year 2019 Audit.

Respectfully submitted,

Scott W. Jellison  
Chief Executive Officer

***District Chairman DiBella moved to amend the resolution, as shown above in redline. On motion made by District Chairman DiBella and duly seconded, the amendment was adopted by majority vote of those present. Commissioner Currey and Chairman Salemi Opposed the amendment.***

***On motion made by Commissioner Currey and duly seconded, the report was received and resolution adopted, as amended, by unanimous vote of those present***

***Commissioner Hoffman made a motion to ask Blum, Shapiro & Company, P.C. to provide a summary report of recommendations and responses to address concerns from their yearly management letters, going back three years. District Chairman DiBella duly seconded the motion, and it passed unanimously.***

***Without objection, Commissioner Caban made a request to add a resolution to the next Board of Finance agenda regarding the auditor selection timeline.***

#### **OPPORTUNITY FOR GENERAL PUBLIC COMMENTS**

No one from the public appeared to be heard.

#### **ADJOURNMENT**

The meeting was adjourned at 5:59 PM

ATTEST:

John S. Mirtle, Esq.  
District Clerk

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Date of Approval