

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

JUNE 22, 2023

MEETING TRANSCRIPT

David:

All right. It is 12:30, so I will call the Regional Water Authority's June 22nd, 2023 meeting to order. Note that all members are present. A very special guest who will be a member after next week, which is Mario Ricoszi. We welcome you.

Mario:

Thank you.

David:

Kevin is with us remotely, but he is here participating in the meeting, which is great. And we also have, Naomi Campbell, just joined us I think as the RPB person for today, which is great and welcome, Naomi. And with that the safety moment, just peruse it at you're leisure about grilling safety, which is always nice to keep in mind as we're doing that. We'll move right on to public comment.

Is there anybody from the public? No, nobody joined us. Okay, so we'll move right into Strategic Planning. So I'll accept a motion to recesses as the Authority and meet as a Strategic Planning Committee.

Suzanne:

I'll make that motion.

David:

Can I get a second? All right, all those in favor signify by saying aye.

Board:

Aye.

[STRATEGIC PLANNING COMMITTEE MEETING FROM 12:31 P.M. TO 2:55 P.M.]

David:

All right. We are on the consent calendar.

Suzanne:

I'll make the motion to approve the consent agenda.

David:

Is there a second?

Catherine:

Second.

David:

Second. Any points of clarification, or any items moved/removed? No? All right, sensing you're ready to vote. All those in favor, signify by saying aye.

Board:

Aye.

David:

All right, passes unanimous. We are under finance. Rochelle has a couple of items in here, very good news, year-end dispositions. That's great. I'm sure we all saw this.

Rochelle:

So we'll start with a financial report. I'll try to make up some time. I'm going relatively quickly. I do want to reiterate that, as was noted on [inaudible 02:27:11], the results are still preliminary as we work through the year-end audit. And certain information that's not even available, I'm going to mention some of those key items as I go through the material.

So first starting with the balance sheet, just some highlights here. As you would expect, our total net utility plant is up by about 19.5 million. You see that there is a relatively large increase in construction work in progress. We do have a lot of multi-year projects happening, although this is one of the areas that as we close out for the audit, we will be validating when it actually went into service, although we do it throughout the year. And we'll be updating our depreciation estimate.

Moving on to current assets, the key point here, you can see that there's a very significant increase in our total current assets and in particular cash and cash equivalent. A key thing to keep in mind is that fiscal '22 is prior to the year-end disposition and fiscal '23 is still pre the year-end disposition because it's not yet approved. That will definitely change the mix between cash and cash equivalents and what we call restricted assets. But you can see that the key driver of the cash and cash equivalents is actually in the revenue fund, primarily. And we'll get into, shortly, our proposed year-end disposition.

Other couple of points, you can actually see that accounts receivable, and this is total accounts receivable including the allowance year over year, so data-mid is actually down by about 2.3 million. So that's in good use.

You can see that some other things here is that materials and supplies are up. We are knowingly making sure that we have appropriate inventory, given the supply chain challenges, and also have a few more items that are falling into inventory. That's also some impact in that balance.

If we continue down the page, you can see that restricted assets, it's down by about 36 million. Key driver here is actually the construction fund. Again, this is pre the year-end disposition, but the driver of that is at the end of last fiscal year, we had about 31 million of unspent in proceeds. And we hadn't yet spent our capital program for this fiscal year, so as one would expect, we utilize those funds, and we utilized some of our internally-generated funds towards the end of the year to support that capital program. That's really the key driver. There's been some other changes within some of our other restricted accounts, but it's primarily the change in the construction fund.

The deferred charges on pension and OPEB, I just want to mention here again, this is preliminary. We have not yet gotten our 5/31/23 Actuarial Report, so everything will be updated as it relates to the pension and OPEB liability deferred out for there.

From going to the other side of the page, from a liability perspective, you can see that a total of nine current liabilities are down by 27.2 million. Again, pension and OPEB not yet adjusted, and that's why there's no change, year over year.

I will just mention briefly that the market value at the end of May for our pension plans was very close, just slightly under what it was at the end of the day, at 2022, so we'll see what the actuary reports look like.

But the key driver of the noncurrent liabilities, at this point, is the reduction in our revenue bonds payable by 22.6 million. That's primarily because we made a principal payment in August of 2022, which was fiscal '23 with only a slight increase in the current portion. So the 22 billion 565 is the amount of our upcoming principal payment on our revenue bonds.

David:

Just brief, because you just made a... The liabilities for the pension, the fact that the value is about the same, would our liabilities be up or down then? Or we don't know?

Rochelle:

We don't quite know yet. It's a good thing that it didn't give a lot, but you really go through the whole assessment of benefit payments and what the projection looks like. So I'm hoping that there would be an improvement. So that's yet to-

David:

One, we're hoping that it's a closed plan and we're, you know not adding to it.

Rochelle:

Right.

David:

Thank you.

Rochelle:

We talked about the DWSRF. That's just up slightly. We do make principle and interest payments and DWSRF, agreed upon. The key change there is we did do two DWSRF loan, fiscal year, so just some slight changes there.

I think really those are the primary updates. The deferred inflows and outflows for pensions will also be updated, but overall you can see that, year over year of the total net position, it is like \$30 million, up year over year, so that's a positive sign.

Catherine:

Rochelle, do you have any sense of DWSRF funding for the future?

Rochelle:

We're actively participating. One of the positive things is that we, because of some of the moneys that are available, we are expecting larger grants than we've gotten in the past.

Catherine:

But you don't see it dwindling at all?

Rochelle:

I actually see more of a switch to DWSRF and other alternative financing from the [inaudible 02:33:45] revenue bonds.

Catherine:

Okay.

Larry:

Internally, our budget coordinator is tasked with finding grants that we can go for. And then we have an engineer who recently started her own business. She worked for us, but she started her own business. She's working with Rochelle and Sunny on submitting applications for those grants and low-interest loans. So we've got a process in place now that I think should help us increase that source of funding.

Sunny:

Yes, but if I may just add one more, say, grant opportunity, which we just recently got, was the Whitney Dam. So this was an idea that came through in the last, I would say, eight or nine months ago, and we pursued that, the state bonding. It's part of the state bonded grants. So we are allocated about half a million dollars for the Whitney.

Our ask was 25 million. And now, but dream big, I guess. So we ended up getting half a million. But Deep got awarded 3 million, so we can still go for half a million to three. So today or tomorrow, we are submitting the application to get any more of that half a million to three, depending on how fast we are able to go and knock [inaudible 02:34:57]. But the legislation says that we are guaranteed at least half a million [inaudible 02:35:03].

This is an opportunity which we did not pursue before, but now we are pursuing that ultimately. So it's a new avenue. The state bonded grants were not given that easily, but we are able to negotiate in the last six months, in the last legislative session. It just passed last week or so.

Catherine:

You really can't argue with free or cheap money.

Sunny:

No, we said we are okay.

David:

Yes, great.

Sunny:

Yes.

David:

For any [inaudible 02:35:23].

Sunny:

Yes, free money we always take.

Rochelle:

I think now we know take the-

Sunny:

Correct.

Rochelle:

... [inaudible 02:35:24], so the money actually goes to us.

Sunny:

Right. Right. There was a lot of backstory on our ask 25, how did we get half a million? We were pretty happy. We said, "We will take even \$10 as grant." They gave us half, but we actually aspired for 25.

Catherine:

Yes, if you don't ask, you don't get. Free and cheap money is... Look, we're all taxpayers. We're paying into this. We might as well [inaudible 02:35:57].

David:

Yes, and get our share.

Rochelle:

So again, I'm just going to go through this at pretty high level. So overall, operating revenue, so this is earned revenues, was up over budget by about 5.8 million. That's approximately up 4%. That's primarily due to hiring anticipated consumption. That primarily was driven by the summer [inaudible 02:36:24]. So the earlier part of the year. You can see that other revenues, so this is gross revenues, was actually above by about 355,000.

Overall operating expense, we actually came in under by about 2.9 million. That definitely is contributing to our year-end coverage. And although the number looks big, it's about 5%, but we did come in lower.

I do want to just mention, you can see that we broke out for fiscal '22, the pension OPEB expense. That's the part of this whole financial reporting, [inaudible 02:37:06] process. You... [inaudible 02:37:09] shaking his head because it's not really operational. So we broke it out and you can see that it's not yet reported for fiscal '23. That's because that will be based on all the final actuarial reports and how pension and OPEB expense is reported.

You can see also, just going down the page, some highlights. You can see interest income was significantly above. This does include actual cash received as well as approved interest, but really was significantly higher than what we expected. That's the positive side of higher interest rates.

You can see some small improvement on the interest expense. That's primarily due to the delay on the part where DWSRF upcoming loans. We thought we would close on it earlier, and so that's resulting in a small favorable impact.

If you go down to the maintenance test, a couple of key things here I just want to [inaudible 02:38:13] now. Our water revenue sales were really up significantly even since our last estimate. And what was interesting, and we've talked about this in the past, May does appear to be a high month, although we can't always count on that.

But additionally, and I think it's related to in addition to just some timing, what Prem and Dana talked about, we have seen a pretty large reduction, even from February of 2023 to May of 2023, in our AR. And it coming in converting to cash because we had a phenomenal cash receipt, a month of May. Even though our forecast for the billings was very, very close to what we expected, the cash was quite a bit higher.

Then interest income, again, the favorable aspect of the higher interest rate environment, the rates have gone up so much since the fiscal '23 budget was done, and then that's why you see a significant increase there.

And then we'll get into some of the commercial aspects in the next session. You can see that the overall operating and maintenance, again, was under budget. And overall, our coverage is, on a preliminary basis, estimated to be 130%, so we're really pleased with that. That is generally a higher year-end disposition, which would be [inaudible 02:39:51].

On Schedule B, this is where I'll show you a little bit more of the details of our [inaudible 02:40:01]. So some of the key drivers here is payroll budget did come in under budget. The deal would come in under budget. Our headcount has remained even with our vacancy factor that we're under the budget, which is good financially, not necessarily operationally, but that was the key driver. The employee benefits, you can see that it looks like we're over. This does include the \$2 million additional pension contribution. That being made in May and it was largely offset by... We're still running under on our medical expenses. So that helped allow us to make that additional contribution.

Some of the other under runs were significant ones. Pump power actually remained under. We believe that's due to actually lower usage. Collection expense is one of the other areas that it is running significantly under. We did our best estimate of what we thought the additional bank fees would be when we converted to monthly billing and we're just not quite seeing it. At the level, they are up but not quite at the level of budget. So that's creating an underline there.

Also, just want to point out that one of the drivers of the central lab and water quality is really driven by the mix between the utility and outside lab services. Just scroll down. Another one of the larger variances is maintenance and repair. And the primary driver that under run is we had originally budgeted early in fiscal '23 using NO-DES to do flushing for a few months and we did that internally. So we did curb institutional expenses. We do not have a NO-DES truck that came in as far as capital [inaudible 02:41:57], but that's actually the key driver there.

Larry:

So you all know what the NO-DES truck is? Okay.

Catherine:

Can I just jump in and say something? It's not really related, I think, to you, Rochelle, but you said something that made me think of it. Can we make sure that when the CIS system is in place, there's enough time that's passed. And this may be a couple of years down the road. You know that ladder presentation that Prem and Dana did where it was like, "In implementing the CIS system, these are the things that will save money and these are the things that will cost us money in doing this and this is why we think this is all worth it," is to redo that because it sounds like you're starting to see the outcomes of that stuff on changing the frequency of our bill. Oh, it's the billing.

Rochelle:

That's right. Yes.

Catherine:

So if we could do that, I'd love to see how that actually played itself out

Rochelle:

For capital, first at a high level, we actually seated our target. Our target was to spend 96%. We're actually ended the year hit 99.8% with your support though of putting some monies aside into the project for zero. That definitely helped with that. But we believe that was the appropriate. And here I'm just going to talk through some of the larger variances. Filter meter replacement was one of our larger variances. That's really just a timing item between fiscal 23 payment and fiscal 24 because this is cash out the door, you'll see in a minute that we providing for that employees that we need to pay in June.

I should go back up on the Lake Whitney Dam, we actually did do more work on the Whitney page during fiscal 2023 with the vendors that we were working on. So we made cadence to them for the work that they did during the year. So that's why that's up by about 254,000. Also, if you scroll down, some of the other larger variances is for our West River project. We also were able to do a bit more work on that, paid some more invoices. So that actually resulted in that project we made over.

But from what we had put aside, so for what was left that exceeded that by a fair amount, being able to do additional work. From a big perspective, we just scroll down the page. There were definitely variances you'll see in the bullet report across the various big projects. But overall, they came in pretty close. Similar about prior years. Things like service connections and capital pipe, they do tend to sometimes run over. We have seen a increase in the amount of capital service [inaudible 02:45:15]. Also, you can see that the derby tank also for the fiscal a 3D project we were able to do a bit more on that. So that was about for hundred thousand. And I think those are really the primary advisors are trying to help balance everything with all the moving parts of our capital for the year.

You can go if there's no questions, you can get the next thing. So as I mentioned it indefinitely was a significant impact on our client hearing disposition. The interest earnings are significantly higher. If money would've been next page. You could see that we are very significantly over budget. The budget estimates of the times was backed. Now several that four than year when we submitted fiscal 23. We're about 3.2 million higher. And I will mention even within the construction fund, we are now just taking money out as we need it. We're not prematuring any money. We're just doing it all at the same time. So actually it doesn't count towards the maintenance test, but it's definitely helping the fund if we have no projects [inaudible 02:46:56] about two million dollars. The growth plan issue. It also stays [inaudible 02:47:01]

Catherine:

So Rochelle is now printing them.

Kevin:

And that 2 billion stays in the construction?

Rochelle:

Yes.

Kevin:

That is in general.

Rochelle:

That's in case in the construction.

Kevin:

Right. Okay, that's good. 5% of our revenue budget.

Rochelle:

That's really all I have for the [inaudible 02:47:23] again it is preliminary. Need some additional [inaudible 02:47:26].

Kevin:

Very well done.

Larry:

And that leads us to the good news at least. Distribution.

Rochelle:

So we talked about we try to balance between what we put the pension at the end of the year and all our different funds. So this is our proposed disposition at the end of the year. So we're really pleased. Our overall available disposition was over six. We are required to put around 926,000 into the operating reserve. That's an absolute requirement. So that will be done as part of our hearing issue. We're not putting anything additional rate stabilization fund on scalable million level. We are proposing just because of what the total available cash looks like to put a million dollars into the general fund. And the thought process there is general fund gives us the most flexibility. We can move into the growth fund, we could use it to offset unexpected expenses and we can later move it into the construction fund.

And the rating agencies, because the general fund is part of our general bond resolution and would prefer it to be, let's say the general bond versus the growth fund. We're also proposing to put a considerable amount into the growth fund. The methodology there is we know we have some upcoming transactions, so instead of dipping into the monies that we have, we put a fair amount of additional money to fund bucket as well as potentially some burnouts that are in transactions. So we're proposing we put 4 billion there, but we're proposing that we put a little bit over 20 million in the construction



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fund for our [inaudible 02:50:17] fees with being able to do that. As this goes back to the rate fares and not [inaudible 02:50:24] . Are there any questions on the proposal?

Suzanne:

In the three motions, I'm not seeing any to put that almost million dollars in the operating reserve. Does that automatically happen?

Rochelle:

Yes, actually, so it's here, bringing it into a 925.

Suzanne:

I see it in the memo, but I didn't see it in the three motions. One motion puts it all in the general-

Rochelle:

Actually it puts it in [inaudible 02:50:56]

Suzanne:

As long as we're covered, I'm fine. But I just didn't see it.

Rochelle:

It's because this number, and we could add it for completeness, but this number excludes the amount so it first it goes right into-

Suzanne:

Because I can't automatically go in there. Just making sure. So there's three motions. One that'll put all of it, all of the excess into the general fund and then one to take the 4 million and put it for the growth fund so we can pay cash for the acquisitions. And then one to go to the construction fund. What's your pleasure with those folks?

Catherine:

I'd like to make the motion to pass all the resolutions as we proposed.

Suzanne:

Second motion.

David:

Second. All right. Is there any discussion other than again our thank you management, Rochelle, Larry, and your team? I know it's...

Larry:

Yes, it's a team effort to be sure.

David:

Yes.

Kevin:

It couldn't be this successful without it being a team effort. This is a lot of money.

Larry:

Everybody's pointing in the right direction.

David:

Good.

Catherine:

Yes. My only question is the growth fund seems like a very generous contribution. I understand the anticipation, but you don't have the same flexibility with the growth fund at the end of the day.

Rochelle:

We can move money out of the growth fund into the general fund.

Catherine:

Okay.

Rochelle:

We could even move it into the construction. The only we fund we can't put growth fund money into is the revenue fund.

Catherine:

Oh, okay. All right. I didn't realize that. Okay. Very good.

David:

Any further discussion? Kevin?

Catherine:

No, no further discussion for me. Thanks.

David:

Sensing you're ready to vote. All those in favor signify by saying aye. And then we have a memo regarding revisions to the capital plan. You had put money in reserve because of the delays for various materials timing, and now you want to take bunch of it out in order to apply to projects and get them done.

Rochelle:

And the only additional point, so working with Sunny in particular and others, we actually took the opportunity to really look at what we expect the projects to be, the projects that we put into the reserve

on. So instead of just approving money from fiscal 23 into 24, we revisited that. So what we're actually proposing is the distribution of the 9.7 that you can see as well. So that's the first part down. This is the additional monies that we put into the reserve and how we're allocating that. And then this next section here would be, in the past it would be a more traditional carryover, but we don't really need to carry over, as I mentioned in the memo, the monies that we put into the reserve, they're definitely still required. It's more of a timing between fiscal 24 and the earlier part of fiscal 25.

So at least it's our proposal, not just move money in, but say take the money that we already had within the fiscal 24 plan and we allocated it. Just in over down the CIS project was mentioned that that was part of the last monies that we moved into the project reserve. Actually at this point, we're leaving that amount in Federal Reserve as we building both more closely at what the CIS project needs in fiscal 24 versus fiscal 25. And as we need it though, we'll move it into the project in 24 and reserve it for fiscal 25. And then traditionally, we do have to file this revised plan with the trustee assuming it's approved. So that's what this schedule is.

David:

Yes, there's a motion in there.

Rochelle:

Yes, there's a resolution.

Suzanne:

And I just want to really give kudos to Sunny and Michelle because they really took a hard look at these numbers out of that 9.7 million to decide what was absolutely necessary to transfer into this next fiscal year, which is a 7.7. And they were willing to take some risks in some of these projects by not transferring the money in that we would need it. So it took a whole different approach to looking at this capital budget excess and what we do with it that I think is to the benefit of customer,

Rochelle:

Like zero based budgeting, right?

Larry:

Yes. Right.

Suzanne:

Yes, exactly.

Rochelle:

Ground up again.

Catherine:

And no significant changes to the capital plan. Nothing that changes approval levels for RPB. Nothing that...Okay.

David:

No, everything stays the same.

Catherine:

Okay.

Rochelle:

It's good going through what we did will be a great meeting to our tenure model.

David:

Yes. Which is coming up. All right. What's your pleasure folks? Catherine rules. Second. Thank you.

Larry:

I'll second.

David:

Second. All right. Any discussion regarding the adjustments? All right. Sensing you're ready to vote.

Catherine:

No. Just job well done. Really hard work pays off and zero based budgeting is a really important process to adopt. Good job.

David:

All right. Now sensing you're ready to vote. All those in favor signify by saying aye. All right. Four. All right. Moving right along. We are on item F. Oh, we can skip this one, right? This one, as we heard last month, is a necessary item that we found part of the general bond resolution that our treasurer be covered with.

Catherine:

Bonded.

David:

Bonded. Be bonded with and this was agreeable, Catherine? The amount?

Catherine:

I don't touch anything, I'm not going to steal. Spend as little as possible for to be compliant with the law.

David:

Yes. Okay. Well, and this is \$10,000 coverage, which is \$200 or something.

Larry:

Yes, it's a hundred bucks. The premium is small. 1% of the gross part.

David:

Oh, okay. Very good. It's already paid.

Rochelle:

We're just fine.

Catherine:

Thank you.

Rochelle:

[inaudible 02:57:39] specific type of bond coverage.

Catherine:

So I'd like to make that motion too.

Kevin:

Second.

David:

Second by Kevin.

Catherine:

For the bond thing.

David:

Any discussion? All right. All those in favor signify by saying aye. This is unanimous. All right. Our RPB committee meetings, this will go quick because we only have two since one is not meeting until next week. So we had finance committee that Catherine attended. Okay.

Catherine:

Yes I did.

David:

That was just first go round at that presentation.

Catherine:

You were there too.

David:

I was.

Catherine:

Yes.

David:

It was very interesting, actually.

Catherine:

It was.

David:

I don't know if I would've thought that by the third one next Monday. But the first one was. [inaudible 02:58:31] left out.

Larry:

That's why [inaudible 02:58:32].

Catherine:

I'm not going to go through the detail. But attorney Jeff [inaudible 02:58:36] did a really good presentation on Ethics FOIA compliance and governance for the RPB members. He went through so many... I've got pages of notes here. He really did a fairly comprehensive update on governance for the RPB and FOIA compliance as well as ethics. And I'm not going to go through all the details. And what he did is he actually, in his presentation, which was available to the committee, and I'm sure it's available to anybody else that wants a copy of it, gave the references to the various documents that are important. So if people want to go back and look at it, they can look at it. So I thought that was extremely helpful. Additionally, the committee, I have to say this correctly, they voted to move the authorities application to purchase target two to the RPB for that.

David:

They voted. That was complete.

Catherine:

They voted it... Well, they moved it to the RPB to determine that it was complete. They thought it was just a recommendation.

Mario:

They recommended [inaudible 03:00:11]

Catherine:

Trying to say it correctly.

David:

We knew what you meant.

Catherine:

Very specific action. Additionally, Ms. Kowalski gave a report on an update on projects. And the one I wanted to highlight was the one that came in. Yes. But we had a project that came in under budget and early.

Rochelle:

That was the valve project.

Catherine:

Yes. That was significantly under budget and very significantly early. That was great. But the update included essentially all the different projects and where we were in terms of [inaudible 03:01:00] projects. The committee members were very pleased. Very few questions were asked. And then the last thing is Mr. Slocum is term limited. So the next meeting they will elect a new chair. He's term limited. Oh, term limited. So he cannot [inaudible 03:01:24]. No, term limited. Gosh, don't go there. So their meeting, the next meeting will be the 13th of July because the golf tournament is on the 10th, which is their normal meeting days. They're having a-

Larry:

And that will also be remote home for the time being.

Catherine:

That concludes my report unless you have questions.

David:

Oh, thank you. Kevin, I know you weren't able to get to land use at the last minute and I wasn't able to fill in, but their agenda didn't have a lot other than the long presentation. The thorough presentation, do you know?

Kevin:

Yes, my understanding is there was the similar same presentation from Jeff to that committee. And then also just to point out a couple of highlights from the reports that John Triena usually provides for every one of those meetings. Permit holders are down about 6 to 700 year over year in this past May. There was an uptick in permit holders during the COVID pandemic and that's slowly going back down or receding as far as number of permit holders. And then also notably to date invasive species documented or mapped 57 and a half acres and invasive species treated eight and a half acres. There was some other reporting of some general administrative actions. Thank you.

David:

Thank you. And then Monday is consumer affairs. It got delayed because of the Juneteenth holiday, so we'll get to hear Jess report.

Catherine:

Sounds good. Sounds thorough.

David:

All right. So then we move on to July through September. So notwithstanding the good and helpful comments Mario gave us during our topics of conversation, we're glad he is here at this meeting to be able to see where we go.

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Catherine:

On a few days down.

David:

So July 8th. All right. July Land Use Committee, who would like to go or hasn't gone in a while and would like to go?

Catherine:

I am available.

David:

All right. And then Finance Committee, the special meeting on the Thursday the 13th.

Kevin:

I can attend that.

David:

Okay, good. And then Consumer Affairs on Monday the 17th.

Suzanne:

That, I can do.

David:

Okay. And we don't usually send somebody to executive committee. I meant to ask you about that, but that's fine. I'll go with asked. And I've been asked a few times. Happy to go. August Finance Committee, who hasn't gone in a while and would like to go?

Kevin:

I can go.

David:

Kevin? Okay.

Kevin:

Sure. Yes.

David:

All right.

Kevin:

No, that's fine.

David:



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All right. Land Use Committee on August 9th.

Catherine:

I could do it.

David:

Okay. That'll be a field trip, so that'll be fun. They're good to see all the property. I enjoyed getting [inaudible 03:04:48].

Catherine:

I do like that. As long as it's not in that field with the black flies.

David:

Or the one when I stepped in a [inaudible 03:04:53] and Mark got very sick. All right. And then Consumer Affairs on Monday the 21st. Okay. Mario will take that. And September Finance Committee who hasn't gone to Finance in a while that would like to go?

Suzanne:

Patriot Day. I can do that.

David:

Okay. Very good. And Land Use, this is another field trip.

Catherine:

[inaudible 03:05:21] in September.

David:

I'm sorry?

Catherine:

I said I'd rather do Consumer Affairs in September.

David:

Okay. Well let's get to that one. Consumer Affairs Catherine's Got. All right. Land Use Committee. Kevin or Mario, are either of you available?

Mario:

I can't do Wednesdays.

David:

Oh, we can't-

Mario:

The second Wednesday is a conflict.

David:

Okay.

Kevin:

I can do it.

David:

Okay, very good. Takes care of the next quarter. Okay. All right. We'll move right onto business updates.

Larry:

Sure. I won't go into detail on the memo to the board on the updates, but I do want to just highlight a few things. One, had a great meeting with Senator Blumenthal to announce the fact that we received 3.4 million in congressional directed spending that he and his senate colleague Chris Murphy, arranged for us to received through the good work of Sunny and Rochelle working with their staff. So that was great. We met Senator Blumenthal out at our Seymour Wealth field, which received some \$700,000 of that 2.4. So that was a good session. And the first selectman, Seymour Anne-Marie Jonas joined us. So that was good. And I've started an effort to meet with our large commercial customers and I was toured the Athletic Brewing Company, which is the largest non-alcoholic brewing company in the world. And they have two plants. They have this 150,000 square foot facility in Milford, which they just recently moved into.

And they are the first recipient of our economic development rate. So I went there and presented them with a plaque and a letter and a ward. And then toured the facility. But when they settled here, they said that they do not have to do anything to treat our water except run it through carbon filters to remove the chlorine in and the chlorine residual. But they also have a plant in San Diego where they say that they have to treat it extensively to get it to be like the RWA water and to ensure that it is, they actually send samples across country so that they sample each other's beer to make sure that there's a consistent taste to them.

It was a fascinating, fascinating visit. And then I also visited a smaller facility of a company that does specialty engraving on primarily weapons, guns, pistols, savers and things like that. But also they'll engrave anything with anything you want. But an interesting point is that they engrave the United States Military Academy. Military Academy has switched from granting class ring to their graduates. So they get a class gun with a special emblem on handing engraved by this particular company. They just ran, I think they said, 850 something pistols that they just completed or run with. But this is truly artwork that they do. It isn't a few squiggles on the weapon. It's truly an artwork. And they have both a mechanized engraving as well as people that do the hand drawing or the intricate engraving. Sometimes, it's done by hand. So, those are two visits. I'm now targeting to visit Schick Razor plant in Milford to see what they're doing and how we can help them with their process. So that's proven to be fascinating. The other point I want to highlight is-

Suzanne:

Mr. Chairman, I have a question.

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David:

Sure.

Suzanne:

It's a non-alcoholic brewery?

Larry:

It is literally a beer that does not have any alcohol. They [inaudible 00:00:49] and they flavor it, and it's delicious. I'm a convert. It is absolutely delicious, and they have all kinds of flavors. Everything you can imagine they have on their website. And you can actually get a beer subscription if you want, where they'll send you a six-pack or a twelve pack.

Suzanne:

And the name of this company or their brand is?

Larry:

It's literally Athletic Brewing.

Suzanne:

Okay. Got it.

Larry:

And then they have the flavor in the liquor store or the market or wherever it's carried. I did that plant with the Chief Manufacturing Officer of Connecticut, Paul Lavoie. By the way, he's over in Paris at the Paris Air Show this week with the governor and other staff, meeting with defense contractors to do business with companies in Connecticut. So he's out promoting economic development.

Suzanne:

Larry, I don't know if it would ever be appropriate or you would be inclined, but I would love to go to one of these with you and just meet business people and listen to what they have to say.

Larry:

Okay.

Suzanne:

If it's not appropriate, it's not appropriate. But I just, I find that very fascinating.

Larry:

It is. Yes. So, okay. I'll keep that in mind as we set something up. The other point is, speaking of economic development, we have been talking to the commissioner of the Department of Economic and Community Development about using water as an asset to recruit water intensive businesses to Connecticut. So I met with the commissioner and I also met with the two Co-Presidents of AdvancedCT. AdvancedCT is a nonprofit organization that markets Connecticut to businesses to come in. And I pitched this idea of Connecticut in key areas, had excess water supply. We have about 14 million gallons

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a day. [inaudible 00:02:45] and the Bridgeport system had about 10. The Metropolitan District Commission had about 10 million gallons a day. So I've pitched this idea of using that as a recruiting tool. They've bought into it, and they are going to start incorporating that into their marketing messages.

But as a result of all those conversations, they have offered me a board seat on the AdvancedCT board, and they'll vote on that in September. So it's not done yet, but they'll vote on it in September, which will be, I think really great for us to continue to work with them and economic development.

Larry:

The last thing is, is David and I met with the first selectmen of Orange, Jim Zeoli, as part of our outreach. And there were two topics that he wanted us, that we talked to him about. One was the lead and copper rule. And of course, he offered to do it anything he can to help communicate with the customers. So we sent a follow-up note to him on some materials and asked that they put it on the website. And the other thing that he and [inaudible 00:03:54] who accompanied us, who wanted us to talk about, was a high level review of our commercial business strategy. And he was fascinated with that as a way to offset future rate increases. So it was a very productive meeting. And he loves RWA. We treated him right. And he's been responsive to his request and needs, so.

David:

He said that may not have been the case a long time ago, coinciding it. Coincidentally 12 years ago, he had a new CEO here and he did not know that, he said that. So Yes, the last 12 or so years, and you know, you guys really turned around. And okay. And Larry didn't say anything. He's very modest. He didn't say, 'well, that's when I got there.' But I knew that and I knew he had no idea. These lunches have been very good. They've been very informative. I have to say, from a selfish point of view, as a local sound official, it's been interesting to hear their reactions as well. But it's been good to hear positive things about us.

Suzanne:

Well, that's a well-deserved compliment.

Larry:

It was very high, so. And that's it for my update. And the next one, we just wanted to review with you at a high level, the CIS project. And as you know, we said we'd be offering the four boxes. And there's just a couple of, there's just a point in each box that Prem's going to highlight just to keep you apprised at a high level of how we're doing. We'll provide the same information to the RTV on a quarterly basis so they're kept up to speed on the project. So Prem.

Prem:

Thank you, Larry. Very quickly, very high level accomplishments. The project, one of the key milestone of the project is to schedule a baseline. So that happens as part of the requirements phase. So the team accomplished that. A key milestone in completing all the analysis and breakout session that happens. So that's one item to highlight. Going on the right side, on the decisions, just to highlight a very quick one. Data Prose has been selected as our bill print vendor. There are various vendors that we have selection. This was the last one of the puzzles. So basically, we are getting a very good outcome in terms of a cost. In the product baseline, we had 11 cents. And now, we are getting around 8 cents. So it's going to have

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some more better numbers as we go in per bill, so that's something to highlight. Current activities, as I mentioned, we are wrapping up the analysis phase.

The project is going really well. It's all green at this point. One thing I would say for the team here is that this is a learning process for the team as well. And then a lot of things that they are seeing is that, an example would be a delinquency process, a credit funding process. There are better processes, best industry practice and standard. They're working with us. The team is learning. They're taking a little bit more time. But really, the idea is that we are keeping track on the project and making sure we are doing a best position for the company. So a lot of great training and lessons learned our team is kind of bringing along. So we are closing the analysis phase, that's a big deal. We're going into the next phase, which is really the design phase.

We are kicking off. Right after July 4th, we are kicking off the design phase of the project. What that means is, all the requirements, and 3,600 requirements as a matter of fact, they're kind of synthesizing that. They're creating a design for the project. There will be a big meeting, a milestone meeting that we'll have after July 4th. Larry, myself, everybody will be presiding the meeting as well. Really kind of congratulating the team and moving into the next phase of the design of the project. So all good news so far. And we are working through our challenges, and monitoring our resources, our budget. So nothing to be worried about at this point or to be even brought to the board's attention as an issue. But any open questions, I can take now, the CIS.

David:

Kevin, or anybody else, any questions?

Prem:

Okay. Thank you.

David:

Thank you. And you're all set, Larry?

Larry:

We're all set.

David:

Then I will ask that we recess as the Authority and meet as a Commercial Business Committee. Who would like to move that?

Suzanne:

So moved.

Catherine:

Second.

David:

Second by Catherine. All those in favor, signify by saying aye.

Board:

Aye.

[COMMERCIAL BUSINESS COMMITTEE MEETS FROM 3:45 P.M. TO 5:00 P.M.]

David:

Act on matters arising from committees. We do have the one item from the Strategic Planning Committee, the fiscal year 2024 Strategic Action Plan and Global Metrics, and our support of that, knowing that there's going to be some adjustments and review, which he'll get back to us next month on that, right? What's your pleasure, folks?

Suzanne:

I'll make a motion that we [inaudible 00:00:32] metrics as presented, with consideration of alternatives as recommended, but leave it to the discretion of management [inaudible 00:00:40].

Catherine:

Second.

David:

Second. Any further discussion on this item? All right. All sensing you're ready to vote. All those in favor say aye?

Board:

Aye.

David:

Last item, I told Sunny I would summarize just now. And I will do it in 65 seconds, so time it. This application is for dispositions of two pieces of property in North Branford back in 2011. The Authority put an application to the RPB, the RPB unanimously approved it, but the price for the sale was very high. And at the time, hindsight is now showing that there was absolutely no interest in it at all. Move 13 years ahead, and there are now some new evaluations on the properties and the price is reasonable to the point where there are now buyers, and it's the Land Trust that's interested in buying it. So now, if we were to dispose of them at the appraiser's price, we should vote on these two applications to go to the RPB. Did I leave something out that matters?

Sunny:

That was perfect.

David:

Okay.

Suzanne:

Can I just, I'm not sure, I might be the only one who doesn't know anything about this. And I don't want to vote on something I don't know anything about.

David:

Yes. That's fine.

Suzanne:

So these are two parcels that we want to sell...

David:

Right.

Suzanne:

... From our [inaudible 00:01:51]. They're in the concept of the land, we don't need to...

David:

Right.

Suzanne:

... Whatever.

David:

And we need for the water we use. And we can take the \$600,000 and buy more land. It's Class 3 land, which we've set out, the 1,100 acres of our 27,000 acres, we set out 15 years ago to dispose of eventually.

Suzanne:

Okay. And the RPB is supportive of it?

David:

They were, unanimously, 11 years ago. Probably Kevin or I were chairman back then.

Sunny

And it'll be maintained as open space.

Suzanne:

And we're selling them to a conservation [inaudible 00:02:21].

Sunny

Yes. North Branford Land Trust. So they'll keep it as open space.

David:

Well, [inaudible 00:02:25] about what the application says we're selling to them though, that's the reality of it, that they're interested in it. The application will ask permission to sell them at the price that the appraiser has set. We do know that the Land Trust is interested in buying.

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Suzanne:

That somebody else can buy?

Sunny:

The memo says it. The memo says the Land Trust, actually.

David:

Okay. So that's the expectation.

Sunny

I have a hearing in [inaudible 00:02:52].

David:

Right. Yes. Just redo what we did 12 years ago.

Sunny

Right.

David:

I remember that hearing. All right. Any other questions?

Suzanne:

No.

David:

What's your pleasure, folks? Before they start coming in for dinner. Right Jennifer?

Jennifer:

That's right.

Suzanne:

Can we move these both at the same time?

Mario:

Since your curious, it's not unusual, because it's Class 3 land. It's not directly impacting water quality to sell. Preferable if it's sold to the Land Trust or some other conservation [inaudible 00:03:40]...

David:

Right.

Mario:

... Placed upon it. My gut feeling is, well, the RPB would not [inaudible 00:03:50] down on this [inaudible 00:03:51].



David:

[inaudible 00:03:55] conservation easement on it. And, therefore, it'll be secured. It won't be...

Mario:

Right.

David:

If it's a commercial development, I don't see how one could bid through that.

Mario:

No, not if it requires a conservation easement.

David:

Right.

Suzanne:

I think I'm good.

David:

Was that a motion?

Suzanne:

Yes.

David:

Okay. Is there a second?

Catherine:

Second.

David:

Second. Any further discussion? All those in favor signify by saying aye?

Board:

Aye.

David:

Unanimous vote. I will accept a motion to adjourn.

Catherine:

So moved.

David:

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Seconded by?

Kevin:

Second.

David:

All those in favor signify by saying aye?

Board:

Aye.

David:

Thank you folks.