Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District

Special Meeting of the Finance Committee
Tuesday, April 20, 2022 at 5:00 p.m.
Meeting Transcription

Tim:

Hey, Good evening all, welcome to the RPB Finance Committee Board Meeting. The agenda today, it's a special meeting, date is April 20th, 2022, it's approximately five o'clock. We are here basically to discuss the 2023 budget. So with that, I will welcome you all and start with the Safety Moment, which is forward up where else to look at it's, we have yard clean up tips, which something many of us are looking forward to as long as the weather's good. So far, it's good now, but we have this meeting, so follow the tips and [inaudible 00:03:20]. So with that let's start with the budget presentation, it's primarily a review of the Regional Water Authority's proposed capital operating budgets for the Fiscal code 2023, which commences June 1, 2022 through [inaudible 00:03:36] 2023. And then we do have to go into an executive session, but that'll all be mentioned at the time we have to do that. So with that, Larry, Rochelle, [inaudible 00:03:48] we'll start off.

Larry:

Terrific.

Larry:

And just by way of introduction, we'll review the Capital Budget that we have in open session, and then we thought it would make sense to go into executive session to discuss those three capital budget items that are appropriate because of negotiation, strategy, or real estate matters. And then also while we're in executive session, we'll then move to review the RWA commercial enterprises, since that is a proprietary area and they involve business strategy. We'll come out of executive session and then review the operating budget.

Tim:

That sounds like a good plan. Excellent.

Larry:

So if you'll turn to slide two, this is an overview of topics in the Capital Budget that we'll review. I'll cover the first three items and then Sunny will pick up items four through seven. Prem will talk about the General Plan and then Sunny will do the five-year Capital Improvement Plan. And I'll jump in and do a quick, a quick Summary. So slide number three, is our...

Larry:

Slide three is the Capital Budget history, and the point of this slide is just to give you a little historical perspective, and as you can see, our Capital Budget tends to fluctuate both in terms of size, as well as the various categories that are receiving the priority during a period of time. For example, during the period 2000 to 2005, we constructed the Whitney Water Treatment Plant, and as you can see, the orange line tended to increase during that period of time till the project finished in 2005.

Larry:

In 2008 to 2011, we had increased spending on our SAP project. And you can see it again that the yellow line, which is the General Plant category bumped up while we were spending on the SAP CIS system. In 2016 up to 2020, we had increased spending while we were putting in the AMI project. And again, that is in the General Plant category. 2018 was when we put, worked on the Great Hill Tunnel and the Transmission and Pumping area took a big jump during that period of time because of that particular project. In 2021, we originally had a pre COVID budget of almost $42 million, but as you can, as you recall, we had reduced that budget to about half, and you can see that short stub line there to somewhere around $21 million or so, because we decided to forgo a rate application and just spend the amount of money that we generated internally to fund the Capital Budget.

Larry:

And then in 2022, you'll see a bit of a jump compared to the previous periods with the exception of 2018, that jumped up because we are restoring projects, funding to projects that were deferred in Fiscal '21 because of COVID. So Capital Budget fluctuates depending on the needs and the categories to be funded. Slide number four, please. These are the assumptions of our Fiscal '23 in our Capital Budget. So we are assuming that the Capital Budget will be about 41, about $47 million excluding the projects that we'll be discussing in the Capital Budget. That's made up primarily of about $36 million in projects, plus about $7.9 million in contingency, and we'll talk about that a little bit more, why we have such a large contingency, and it includes the $3 million in the self-funded DOT work, not including any of our carryovers.

Larry:

In our Fiscal '23 budget, and in future budgets, we have taken into consideration recommendations from GHD's expenditure forecast audit, that resulted in continued increased spending in the Pumping and Transmission area, as well as the additional money spent on replacing pipe. We are assuming that RDP project approvals will be successfully obtained where needed for large projects like the Lake Whitney Dam or the electrical upgrades Spring Street Pump Station, and the like. The Capital Budget contingency has been increased to 7.9 million, and that includes 7.4 million, which were not able to be completed in this fiscal year because of supply chain issues and other COVID related matters. And so we put that money in contingency so we can draw it out in a Fiscal '23 budget. But our overall contingency budget X that contingency is still remaining about 1% of the overall budget, which would be about $450,000. And we've done that in the past to be at around 1% of the overall Capital Budget.

Larry:

And then the Municipal Redevelopment pipe work, and then the Non-reimbursable CDOT is a funded item at an increased level. By funded, I mean, that will be included in our either a bond financing or internally generated funds with that. So, if you go slide five... This is an overview of our Capital Budget, we have 79 projects over the four major categories of Capital Budgets: Natural Resources, Treatment, Transmission and Pumping, as well as the General Plan. And those four categories add up to about the same as it was proposed in our Fiscal '22 five-year plan. However, contingency you can see at 7.9 is about seven and a half million, about $7.4 million more than that previous period. State and Redevelopment work and the non-core billing, which is being funded out of our growth fund to do that project, that'll allow us to build customers that are not customers of the RWA.

Larry:

So we got about $47.1 million when you add all of those categories together, consistent with the first slide that I talked about. And then the next slide is continued assumptions. One, pandemic effects will continue. Those caused projects deferred in Fiscal '21 to be carried over. And that includes things like Lake Gaillard Water Treatment Plant console upgrade, Seymour Wellfield generator replacement, and other projects. We are continuing to see supply chain issues, which is resulting in sometimes as much as a one year lead time, just because of shortage of material and then getting it here, is the other matter. We will continue to work on state Revolving Fund Drinking Water Fund projects, and we expect to close on some of those in Fiscal '22's carried that over into 2023.

Larry:

And eligibility applications have been submitted recently, the Lake Gaillard Water Treatment Plan electrical work, Gaillard Clarifier and Recycling Building. We've also submitted an application for the Lead Service Line Replacements and the Route 8 Throwing Valve Replacement as well. And we'll continue to focus on an asset management plan, which will essentially put all of our underground assets into a system in which we can monitor maintenance, as well as when that's been replaced, and kind of determine life cycle cost and replacement that's necessary.

Larry:

And then with that, with the next slide, I will turn it over to Sunny who will then review the Fiscal '23 Prioritization Methodology.

Sunny:

Thanks Larry.

Tim:

Sunny, if I may cause sometimes I lose track of a question. May I just ask Larry one question, please, prior? With, with relationship to the supply chain issue, you said obviously getting it here, just a clarification on getting here on time and how late it is. Is most of this sourced to overseas? Is it just getting it from Pittsburgh to here, or, what is really the challenge besides we don't have it if we need it?

Larry:

Yeah, it's basically getting it here. It's not necessarily things that are overseas. We try and buy[crosstalk 00:13:54] such as American made. It's just getting it from point A to point B here...

Tim:

[crosstalk 00:13:58] Thought a lot of what did was actually, I just wasn't sure, because I think a lot of people assume it's sitting in a port and can't get them to empty it off a boat. It's not that issue it's real... [crosstalk 00:14:09]

Larry:

No. And I must say I got to give kudos to Peter Bocciarelli, our Director of Procurement, last year, he saw this shortage coming and he ordered a lot of pipe, and the related parts, valves and fittings and things like that. So we were in really good shape last year for some of those sort of things, but he's starting to see that it can be a year now to order that same material and get it here. We ordered a dump truck last July, and we will take delivery of that this May. And that's just been a combination of various issues with that. So, and we're continuing to see that.

Tim:

Okay, thank you for that. Sunny sorry to hold you up.

Sunny:

Oh, no issues at all.

Sunny:

So, let me jump right into the Prioritization Methodology. So right now for the capital projects, there is 43 ongoing projects and programs. And typically the prioritization process has been in vogue for the last, I would say, 10, 15 years. And every year we look at it to see what needs to be prioritized. And it keeps changing depending on how I would say, where the need is going to be, and what needs to be prioritized. And we took the October 2021 10-year Capital Plan, looked at it and made adjustments to it. Rochelle and I worked on it, and we continuously monitored that to make sure that we are actually allocating funds and capital to where the priority should be. So that's an ongoing process, is a living, breathing doctrine that we hold and it keeps going up. Then when it comes to, I think the Infrastructure and Technology, we divide that into two different buckets, the Infrastructure which relates to both Buried Infrastructure, Above Ground Pump Stations, Transmission, Mains, Treatment Plants. Then the technology projects, which kind of, I would say act as the backbone for many other, I would say back-office processes.

Sunny:

So they are actually divided into different buckets. And for the Prioritization Methodology, it's a continuous, I would say, review that we do. We have, I would say the Capital Program Control Team that monitors it, which is made up of members from different teams that come together. We have the project managers whom we sit, we bring them into the discussions to see what needs to be prioritized, both from operations and capital. And the leadership team reviews it on quite, I would say frequent basis.

Tim:

One question if I may?

Sunny:

Sure.

Tim:

When, when you prioritize, obviously there are those unknowns that you can't predict, like supply chain issues. So built into your calculations, how much of expected starts are going to complete on time? I mean, do you have a built in sort of formula for how, how well we grade it down the line? Or is that part of your continuing analysis?

Sunny:

It's a continuing analysis because it's becoming quite unpredictable in terms of, I would say when we are going to even get the materials that we ordered.

Tim:

Right.

Sunny:

And we have to really be on top of it, and at this point of time, it's really ongoing every day, we look at it. Some of the contingencies, which we will talk about, we were supposed to complete those projects by May, of 2022, but unfortunately, depending on chip shortages, we couldn't get some of the PLCs done. We couldn't get some of, I would say the tanks done cause of resins not being available. So with many such, I would say, issues are cropping up, and this pushes the time, the contract was awarded in 2022, sometime mid 2021, and the contractor was promised deliveries of these materials towards March, April, of 2022.

Sunny:

But now the contractor is saying, I can't really do anything because I placed the orders. So it's like we were supposed to finish all those projects by the May, 2022. But now we put them in contingencies because it changes every day to...

Tim:

Right.

Sunny:

There is no hard and fast rule that you can actually pin something and say, you're going to get it done. But there are emergencies that creep up going back to your question. In some cases, we are able to hustle in few cases where if it's really needed, one of the projects that you will see is the Hypochlorite Tank associated with the Gaillard Water Treatment Plant, which serves almost 60, 70% of the water supply. So in those cases, which was an emergency, which was detected, we were lucky enough to order the materials. The tank is actually being shipped either today or tomorrow within a span of four to five weeks.

Sunny:

In some cases we are lucky. And we got the contractor who was working with us to order the materials and pass through that system and we should be having that Hypochlorite Tank in another three months. So you can't really predict this kind of scenario with the geopolitics going on with all the existing supply chain issues from COVID. It's highly unpredictable. So maybe two years earlier, there would've been a much more predictability on the prioritization. We would be sure, but today we are actually doing it on an everyday basis.

Tim:

Well, I guess to be a little more specific, you've got like a $12 million contingency carried over from the prior budget cycle. I mean, that's not going to be replicated in your estimation is it? I mean, literally going to... That's a carry-over. I know you call it contingency, I always think of that as the Emergency fund to finish something, but that's really a carry-over from the prior year...

Rochelle:

Yeah, we estimate they add most of that because 7.4 million that Larry mentioned, that's project specific. So it makes, there's four specific projects that leave that up, so, it's a bit of the paperwork to support what we need to do, which is actually keeping money available in the next fiscal term.

Tim:

Okay. So with that, you're counting four projects and the balance left over is the unpredictability about this year?

Sunny:

Yeah. That's going to be only about say 450,000, the 1.2%. Yeah. But the seven and change is more allocated to the project specific buckets, because we are unable to spend that we are just moving it to the next year. So there is a bucket for using that money for those particular projects.

Tim:

Yeah, and I guess my ongoing question is, well, does that bucket go forward with the following here because of all these issues and that's the unpredictability you speak to, and you really can't answer that question.

Sunny:

And majority of that, if I can expand a little bit more, majority of the seven and change comes due to Derby Tech. So out of that 6.1 is Derby, and that's actually more unpredictable than supply chain actually. So...

Tim:

Right. [inaudible 00:20:45] I thought it got some predictable...

Sunny:

Well, that's... That was definitely not today. I can probably predict if it's supply chain when the truck might hit [inaudible 00:20:48]...

Tim:

Right, but Derby's still going to still be there.

Sunny:

Derby could still be there. We'll come through it. Anyway. I think that's a point of discussion. Anyway, I'll give you an update on it.

Timy:

Okay.

Sunny:

But I think certainly I think that's the majority of the chunk. It's almost six and shade out the seven million.

Tim:

Gotcha.

Sunny:

So the rest of it, we are pretty sure that we will complete during, I would say the summer of 2022. We should be able to get out of those projects.

Tim:

Okay. Thank you.

Larry:

And Jay just to add on contingency, each one of the projects individually, have a contingency.

Larry:

Based on the level of design they submit...

Tim:

Exactly.

Larry:

When we go forward with it.

Tim:

See, that's how I've always understood what contingency is.

Larry:

[crosstalk 00:21:24] That's also in the $450,000.

Tim:

[crosstalk 00:21:28] an interesting contortion of language when it's a carry-forward. I'm just uncomfortable, I would choose a better word for it like, "incompleted projects" or something. But beyond that, it's well explained. We get it.

Mario:

It's really journal entry, right Rochelle? Where you're just moving it from one fiscal year to the next fiscal year, leaving it in the same category [inaudible 00:21:48] projects.

Rochelle:

Yeah. It's a...

Mario:

We do that all the time.

Rochelle:

Yeah, I mean its... [crosstalk 00:21:51]

Tim:

Yeah, I know it's done all the time. I just, to have to refer to it as a contingency.

Rochelle:

It's in the paperwork to support actually keeping the money and not really inappropriately or unprudently trying to spend other money when you know you need it for the next year.

Mario:

No, absolutely. Hitting a target. Right, I understand.

Sunny:

So getting to Natural Resources, we have 0.8 Million, that runs through eight programs and projects, and the programs are typically done over a period of lengthier period of time and that is based on GHD data, I would say the capital assessment in 2015, 16, there were certain programs identified we've launch through a number of years and the projects still more project specific. The Watershed Protection, that's a program that's ongoing. The Land Management is another one. The Select Projects are the Prospect Dam Improvements and the Tunnel Divergent Raw Water Rehab, which the prospect dam we have completed the stability analysis. We have done the hydraulic and hydrologic analysis. We have input from all those right now, we are studying the alternatives and conceptual, I would say, with which we should go with. That could be, I would say, a breaching of the dam as well as many other alternatives such as repairing the seepage.

Sunny:

So we are considering all those and see which should be the best business case evaluation on what will be the best bang for buck, in terms of, I would say the cost benefit evaluation, and in terms of risk. The Tunnel Diversion, it relates to the Genesee, Sugar Loaf, Northern Conduits, West River, Brittany, so there is many of these tunnels and raw water, I would say conduits, and it another ongoing process when we actually see any defects arising out there. We go and fix those on an as needed basis.

Sunny:

Getting to the Treatment. It's about 18.3 million for this fiscal year upcoming one. There is again, 20 projects and programs. The program again is a Filter Media Replacement up to 68 filters. I mean, you know, all filter media that gets an ongoing basis every year. And even with Filter Media, there are a lot of supply chain issues where we are finding it, I would say difficult to predict when we would even get the GAC. Again Gaillard Water Treatment Plant, that's our big one. I think the Clarifiers and HBAC upgrades, the applications were submitted, the Sodium Hypochlorite tanks which I just mentioned. That was an emergency, which we had to do. 600,000 is being projected for '23. The total project values about 1.1 million. The electrical upgrades, again, it's 5.2 for the Gaillard and Treatment Plans, that application will be forthcoming and electrical upgrades, forthcoming.

Sunny:

Then the treatment plan again, is more of bringing all the SCADA systems and IT systems on par with the data software technologies, as well as integrating the screens to have a common user interface. Saltonstall we have upgraded, I would say the electrical upgrades are going to be part of the same application for Gaillard, we are combining these applications. The chemical treatment system improvements, it's an ongoing one. It relates to Fluoride Polymer and other, I would say piping and pumps associated with that. The Treatment Plan graphics upgrade, it's a part of the same thing, it's going to occur in all the treatment plants, that's about 200. All these do not include the contingencies that we just spoke about. The Whitney Water Treatment Plants, the Ozone and DAF controls are being updated. The PLCs are being upgraded. The Treatment plant graphics, again, as I said, the 200,000 allocated for it. The West River, you will see the graphics upgrade for that as part of all the treatment plants. The West River Treatment Plant improvements pertains to the DAF system, the Hypochlorite system.

Sunny:

This is again the 6.1 million, in overall it's a 16.9, and 6.9 is the one that's allocated for 2023. The Wellfield Facility, South Sleeping Giant, it's an ongoing thing that goes on from 2020 to 2023. It pertains again to the Hypochlorite, Fluoride and Phosphates. Seymour Wellfield Generator, this is 800,000. The generator has been there for more than 25 years. That's budgeted for replacement. As part of, I would say the upcoming year. The Wellfield Facility improvements, the Derby Wellfields, it's a complete rehab and full automation of chemical systems. There would be an application coming up on that, depending on where we end up finally on the design and the cost.

Mario:

Question, the Wellfields, you didn't have any graphics upgrades. Are you're going to include that as part of the graphics project?

Sunny:

Did not, not as part of the Treatment plans. That could be part of the Evaluations. Right? So the Wellfield... Yeah. So these are only part of the Treatment plants, so...

Mario:

Okay. And then with the graphics, it's going to be one basic project, correct?

Sunny:

One project and [crosstalk 00:27:01].

Mario:

And is part of that SCADA upgrade?

Sunny:

It will be all part of it.

Mario:

Okay.

Sunny:

SCADA upgrade, software systems, and as needed user interfaces.

Mario:

Thank you.

Sunny:

The transmission and piping [crosstalk 00:27:15] Question?

Jamie:

I was going to say on behalf of Mark, who's not here, he might have done this on Monday. When you replaced the generator, are you going to get the scrap metal value or something? Is that built into this plan? You don't actually have to answer me. I'm just trying to honor Mark, since he's not on this call.

Sunny:

I think we do appreciate it actually. The Transmission and Piping 13.1 million allocated 27 projects and programs. The municipal pipe is about 4.2 million total, for this year it's one million. It pertains to piping improvements in Branford, New Haven, West Haven and Milford. Capital Pipe, it's again a program that's ongoing based on the GHD recommendations in mid-2015. The Service Connections again, it's an ongoing one 2.3 million totaling 12.1. Valve replacements fall into the same category. The Meters and Hydrants are pretty much programs that go on and on annual basis. The Select Projects, Direct Service Line replacements, they half a million is allocated this year for more pot holding investigations, design work, and perhaps identification of core services, goosenecks, and things of that sort. Overall, the estimate is at this point, it's 80 million. It's an estimate. We have to really dig into the details to see where it actually lands up.

Sunny:

Northern Area Service Expansion, it's again, initial conceptual, I would say alternative evaluations and design. Overall, we've allocated 12 million spreading over five years, but a hundred thousand is allocated for this year for studies. The East West Transmission Main one sixty and eight for studies and conceptual evaluations. Ansonia-Derby, this is going to be the 5.1 million, which is in here, which is being pushed from 2022 to 23. The North Branford Tank Structural improvements, 150,000 allocated for studies again. It's a tank that we need to only... we have some, I say studies done on it. It's a steel tank that needs some structural work. And over a period of time, there could be additional times that could be required to service the area, because there is only one tank in that area and because of resiliency and redundancy, we might actually put another second tank. So that's why you see the 10.1 million over period of five years.

Sunny:

But for this year, it's more studies related to where we need to do siding and all that as well as modeling related work, and perhaps do some structural improvements to augment the structural intended. The Critical Pump Station and Transmission Facilities, studies related to some of the critical pump stations and transmissions, Spring Street design, we are going to study the design, sighting, modeling, etc for this year. Raynham Hill Pump station, it's a small pump station that caters to one small development. That needs to be relocated, so the studies, design related studies are included for this year.

Tim:

Sunny, quick question thought. When you mentioned, very quickly, the $80 million total to that project. I really don't know all that much about really the timelines and all that other good stuff. That's a significant number. Is it anticipated that that's going to sort of track along the path of five, six years or is that a known yet?

Larry:

It's not really a known yet, and we're projecting it out over five years... [crosstalk 00:30:52] 10 years.

Tim:

[crosstalk 00:30:53] 10 years. It's obviously a significant number.

Larry:

It is. And whether or not we have to shorten that timeframe up or whether we can stretch it out, we also if going to be applying for DWSRF.

Tim:

Right.

Larry:

And that's where, that'll take advantage of some of this federal money that's sloshing around because they've said it'll go through the State Drinking Water Fund.

Tim:

Right.

Larry:

But there's a cap on it too, so we won't get a hundred percent.

Tim:

Right.

Larry:

But we may get low cost financing at 2% for that, and then some grant money.

Tim:

Right.

Larry:

That's somewhere around 10% of the project, I think it is...

Tim:

Right. So if you add Gooseneck factory, It's a good type of...

Larry:

Yeah. Right.

Rochelle:

We are being very proactive. We've had number of conversations with the State about funding. Actually, a few of us, including Sunny and myself and other members of the leadership team were on a call today with the State, just learning about... What the City of Newark did and sharing their experience and such. So we are in pretty constant communication.

Tim:

Is this a national impact on the feast? Is this primarily a certain part of the country? It's, whatever's going to be...yeah, so everyone's going to be scrambling for the same dollars, resources, that's...

Larry:

That's going to lead to supply chain issues.

Tim:

Exactly.

Larry:

Everybody's going to place their order at the same time. So we're actually trying to get ahead of the curve on that and see if we can get a handle on what we need early start placing our orders sooner than later.

Tim:

Thank you for the clarification.

Larry:

And Jim Courchaine has an internal task force, that's being led by Tom Barger, but we have an internal task force that meets on a monthly basis. That looks at what the requirements are, plan the timeline, mapping that out with the communications as well, purchasing and finance, and seeing what we could get in terms of subsidies and grant money.

Tim:

Thank you for that.

Sunny:

Well, with that, I think I'll hand over to slide to Prem.

Prem:

Thank you Sunny, very quickly on the General Plan Category, we have a total of $3.9 million it's comprised of 24 products and programs. Just to look at some of the critical programs that we have today, we have data center, lifecycle replacement. If the board member and also the RPA members last year, we had to cut it down to 450K and this year, of course we are trying to make sure that we are in compliance to all of our servers and hardware, et cetera. So that's the $650,000 for data center, lifecycle replacement, cybersecurity enhancements, again, a critical piece, as we kind of walk through with the Homeland security. Things like multifactor authentication, other requirements have been put forward. So we are making sure we are in compliance in terms of insurance requirements, et cetera. So, that's the cybersecurity enhancement work.

Prem:

Fleet vehicle replacement, pretty much, we are looking at 11 different vehicles in that category. I think it was mentioned earlier about the 10-wheel dump truck. So, that's actually part of the budget. We have a small dump truck and then five of the vans that we have. And two I believe is small and medium size trucks that we use. So, that's the fleet vehicle replacement. Of course, we are looking at some of the mileage, and if you remember, it was a hundred thousand miles in past, we are looking to have that life cycle to go up to 125,000 miles. So that's a good thing, that's all part of the same project in the program. Going on to the other projects, the work and asset management solution, I know Larry just mentioned about the whole lead service line.

Prem:

This is the beginning of the project in terms of the overall roadmap. So this specific product is going to address the horizontal and vertical assets, bringing into the [EM4 00:34:48] system. We're also mapping to the GIS. So somebody who's out in the field can see, where the trucks are, what the work is being done, and they can actually map some of the things in terms of assets. So this is a first and the foremost of the project we'll kind need to expand on the governance and in the overall roadmap for asset management. Innovation projects, this year, it's a small bucket because of all other projects that are going on, but certain things as we had spoken in the past, basically process improvements, everything that's manual. Examples are the work order request, automation is one example, some of the distribution system monitoring system, and a couple of the things that we have looking at the innovation bucket.

Prem:

So this is a small dollar for this year in terms of making the innovation move forward. Commercial, I know Larry touched up on it earlier, so I don't want to spend too much time, it's a 100,000 dollars for new products and services bundling. Last, but not least in this category is the Notice flushing truck, if you remember, we did actually do kind of an exercise testing it out. I think it was last a fall or later in the summer we did test it. So this year we have put in a bucket of money for that. This is really going to help us in terms of discolored water. If you remember, it's going to be removing deposits in a distribution system. We tested it, it worked really well, so now we are looking to really bring in that truck. So that's a specific project, so hopefully we'll get going and no supply chain issues there. So we should be able to move forward. Those are the different products in this category. Any questions for the General Plan Category?

Tim:

Well, I love to talk about trucks, especially once it's on 725,000. How does that actually address [inaudible 00:36:32] in the water? That's after repair?

Larry:

Well, that is a very innovative and unique flushing system. It is actually a truck in which you hook up a hose in one hydrant, and then you hook up the other one in another hydrant, and when you flush the water comes out of one height, it goes through the truck... [crosstalk 00:36:50] right. Goes and it, the whole, and it filters out right. Filters out all of the sediment that is built up that would normally be flushed out onto the street and into the system.

Tim:

Right.

Larry:

So that allows us to flush almost year round, particularly during the winter, because you don't put any water on the street and what we will be also, there's a gate valve truck, which also will allow us to exercise valves so we can make sure they work in an emergency.

Larry:

And that's an ongoing program. I think we've got, I think it's $35,000 in the system that we need to exercise on a regular basis. So that's a very innovative system that will allow us to flush our system. Because we try and get done about 25% a year. This perhaps might allow us to increase that, that will improve water quality and cut down on, on dirty water complaints when we're flushing in a particular area.

Tim:

So is that essentially something over time that you might even see a fleet of three to four? Or is it a truck deal, place, golf truck in between how's that look?

Larry:

Yeah, I'm not, I'm not sure we're ready to buy three or four yet.

Tim:

Well, I'm not advocating, I'm just curious and just thinking about the system, the size of it.

Larry:

Yeah, well... We've used a company that actually produces that we've used one of their trucks.

Larry:

I think last year we used it, tested it out, seemed to work real well. So we're going to buy one because it's an expensive truck to lease. So we're going to buy one and use it and see how that goes. If it works up to our expectations, which we expect to do that we may buy another one and perhaps lease out one. I say that because as far as we can tell, I think the only other one is in New Jersey, I believe. Anyway, we might be able to do something more with that, but right now we're going to just buy...

Tim:

Well, you sort of answered my question. Do you consider adding two and you said out, it's almost like you need one, right? That's essentially what you're saying.

Larry:

Yeah.

Tim:

Okay.

Jim:

If I could add to that, we conducted a cost effective analysis to prove that renting out the machine was far more expensive than having our own in-house.

Larry:

That makes sense.

Prem:

As a matter of fact also it helps us across the board for, I know Jim has a lot of effort on flushing maintenance programs. This is going to be really kind giving us that proactive measure, to be able to have this maintenance program [crosstalk 00:39:21] It's really good.

Larry:

Yeah, there's a second truck there. That's the gate valve. So you have the no dead flushing truck. That's one truck. And then you have gate valve, truck boxes [crosstalk 00:39:32]

Tim:

It's really one system.

Larry:

It's one system. When you go out and you're flushing an area, you'll also use the gate valve truck to exercise the Dutch house and service them or replace them.

Tim:

Right.

Larry:

Dig them up. That's been paved over.

Tim:

Gotcha. Good. Thank you. Lot of talk. Thank you.

Prem:

Sunny back to you, I guess...

Sunny:

Yeah. I'll just run through this slide, it's a representation of the next five years in terms of, I would say how the capital is allocated. As you can see, the treatment gets a majority of, I would say the first two years, and as we keep going into the next three years, the prioritization kind of shifts more to the transmission mains. And you know, that's pretty much what's one of the major, I would say areas would be the Northern Area Service expansion, the East West transmission mains, then other, I would say piping related project, which kind of got pushed into the second half of this five year period while the treatment with regard to Gaillard with regard to Saltonstall, West River and all that got more I would say prioritization during the first two years.

Larry:

So with that, that brings to the Summary and this budget really looked at risk, resiliency, and redundancy criteria, as well as regulatory requirements, like the lead and copper rule. We went through a process of thoroughly vetting some of the large projects. And so we feel that this budget incorporates really the essential and efficient funding of infrastructure needs. We are continuing through Rochelle and Sunny's leadership to pursue additional funding sources, grants, and the like at the state level, we are also in the process of recruiting a grant writer that can help us be more aggressive in that area.

Larry:

We have taken into account GHD's recommendations in terms of where we should spend the money as well as asset class. And as you recall, we periodically have had an evaluation of our capital budget over time. This was the third GHD, was the third one that we did. Generally they said we were spending about the right amount of money except in a couple of areas, pipe, pumping beak, two areas that they thought we had to increase, which we were doing and will continue to develop the asset management plan to really look, let us look at our assets on a life cycle basis to determine when they ideally should be replaced.

Tim:

As a reminder, when was that GHD report done last cycle or...?

Larry:

It was two years ago. Okay. I believe two years ago.

Larry:

So if there's no further questions that completes the Capital Budget in open session.

Tim:

Any questions from any of my colleagues? Or are we ready to move along? It's looks like we're ready to move along.

Mario:

Motion to move into executive session, discuss capital budget items regarding...let's see Its several issues...

Larry:

Negotiation, strategy and real estate.

Mario:

And real estate.

Tim:

And?

Mario:

And to continue into executive session to discuss commercial business enterprises for the same purposes.

Jamie:

I'll second that.

Tim:

Thank you, Jamie, you should practice, perhaps make that portion as eloquently defined by our chair, and I'll have a second from the group? Do we have a second?

Mario:

I'll second it.

Tim:

All those in favor? We should go in.

[EXECUTIVE SESSION FROM 5:40 P.M. TO 6:43 P.M.]

Larry:

Yeah, you can go to the second slide, Jennifer. Okay. Just to give you an outline of the discussion on the operating budget, I'll cover the first two as well as a snapshot of our protection trends. And then Rochelle will pick up at [inaudible 00:00:53] and carry it out through the end.

Larry:

So you could go to the first slide. This is really the good news slide. This shows our fund balances as of the end of February of 2022. And key message here is that we have some very, very strong fund balances and take a very prudent approach to year end fund transfers.

Larry:

And this is a result of both boards collaborating with management to make some rather significant changes in policy that have allowed us to increase our fund balances. All of our nondiscretionary funds, which are those in the blue meet or exceed the minimum requirements. Which is great news for our discretionary funds, which are in green are also at or above target levels.

Larry:

And just by example, the rate stabilization fund in 2009 and 2010, 2009, that was at $7 million. The closeout fiscal year 2009 and the closeout fiscal year 2010, that was cut in half. But we set a target that we're going to grow that to $10 million, because that would equate to roughly three wet summers, which was the reason why we had to reduce that.

Larry:

So we kept that at $10 million, which is a discretionary fund with the rating agencies really look at that to see how we're doing it. And they focus on it, because to close out a fiscal year, sometimes we show a paper draw, the rate stabilization fund rather than an actual cash draw like we had to do in '09 and 2010. So they focus on that. And our goal is to keep that at $10 million.

Larry:

The growth fund we established a few years ago in order to help fund our acquisitions and our commercial business activities. And then the general fund, we originally started that, because our surety bonds have to be rated AAA. We have to be rated A, at least A. And they had been downgraded to B. So we had to put enough money in there. We were looking to put enough money in there to actually cover the surety bonds.

Larry:

Fortunately, they'd been upgraded and this is extra cash that we have available that we could draw from, in case we need it. So we currently are estimating that our year end fiscal '22 year end industrialization will be about $15.6 million. And we'll be able to transfer moneys into the construction fund as well as some of those other discretionary funds over off the right [inaudible 00:03:36] for the year end closing results. But we're objecting about $15 million essentially.

Larry:

You could go to the next slide, please. This slide shows our capital funding sources. And the blue bar on the far right shows that in 2009 and before that, we were funding our capital program with 100% debts.

And over time through policy changes that working together with both boards, we have been able to expand our financing sources into multiple sources and we're even allowed to postpone a rate increase in fiscal '21, because of COVID and use internal funds to fund our capital program.

Larry:

So we have moved from funding our capital program with debt financing by funding at multiple funding sources. So on the right, the blue is debt. The green is the internally generated funds, which is about 34% and 35% of our total funding at fiscal year '22. And then the others are made up of things like the red is DWSRF. The blue is coming from the growth fund, that is for the non-core billing project. And then that dark slice at the top is what we have received in grants of fiscal 22, if we're looking to constantly expand that.

Larry:

We're continuing to explore alternative financing sources, as we have previously mentioned. And we will be receiving grants associated with two small DWSRF financing, one level for the Seymour Wellfield project and a portion of the Brushy Plain's project. And we're expecting to close on those two DWSRF grants during this fiscal year. The growth fund, as I said, provided the fund for our commercial project, which is about $725,000. And we continue to use our revolving fund for state redevelopment projects. So good news there, continued strength and our goal is to continue to grow the amount of internal funds that we have.

Larry:

Next slide, please. This shows our debt leverage. And again, in 2009, as you can see, our leverage was at 96%. And over time by growing our internal generation of funds while our leverage is still high, we have been able to reduce it by 12 percentage points to 84%. And in October '21, with our 10-year model update, we were projecting further reductions over the 10-year planning horizon based on having multiple sources of funding for our capital program. So that's good news. And the key takeaway there is that we do have an improved debt to the capital ratio.

Larry:

Next slide. So this slide reflects our budget at a glance. And we're delighted that our fiscal '23 budget will be able to present that without a shortfall. And in contrast, the October 2021 10-year model for fiscal '23 did have an estimated draw $1.1 million in comparison to the proposed fiscal '23 budget, which does not have a draw. So that's good news.

Larry:

Fiscal '22 budget did not reflect the rate application, but did reflect in a one-time cash impact of the big bang from the conversion to monthly billing, which was a benefit of about $1.6 million. And the fiscal '22 projection includes that monthly billing, the impact of the January rate increased in our experiencing higher than anticipated billings due to increased prior usage.

Larry:

Which you will see in the next slide, which is our slightly show on a regular basis, which show us the declining consumption trends in our service territory. You can see in the year 2000, we had our peak production at 56 million gallons a day, that is declined at a rate of about 1.1% a year. So at the end of fiscal '20, we were producing roughly 43 million gallons a day. But over there on the far right, you can see that uptick in as of February of 2022, which is about 44.7 million gallons a day. And that definitely shows the impact of people staying home, using more water. We do expect that to continue to decline and get back to more normal people return to the office. But interesting take on that, given the number of people that were working at home during this pandemic.

Larry:

So with that, I'll turn it over to Rochelle, who will talk about the fiscal '23 revenue assumptions as we prepare a budget.

Rochelle:

Thank you, Larry. This slide shows our basic assumptions.

Tim:

[crosstalk 00:09:02].

Larry:

Did you have a question?

Tim:

Well, I did. It could wait. Maybe since I did write it down. I know rating agencies love leverage sort of service. And that makes all a lot of sense. Does that play a role also in cases that we... How does that impact?

Larry:

Well, a rating agency rating, they look at our leverage. That's a key factor. They'd like to have us be more down around 50%. And they also look at what we've done with our rate stabilization fund pass through the rating day fund. So where that impacts on a rate increase is their rating can impact on the percent that we have the interest rate, that we have to pay on those bonds. So the stronger we are, we can get better interest rates as long as they continue to rate us, I think we got AA-. Thats'-

Tim:

But in terms, I guess I can frame the question welcome, because I completely understand that piece of it. When we go out and charge our customers for [inaudible 00:10:05]. Got to have some approvals and all that guidance and whatever else. How does having higher reserves impact? Is that positive? Is it negatively? Do they look at it the same way and makes you healthier as a company? Or does it mean less likely to get a rate approved or whatever? In other words, we come to terms with what we're doing with our customers.

Larry:

Right.

Tim:

And how is reserves impact any of that? [crosstalk 00:10:33].

Larry:

Well, two ways. One, the construction fund let just have internal funds to pay for our construction program, the capital projects. So that means we can borrow less. So that has an impact on customers, because as you know, we have [crosstalk 00:10:47].

Tim:

So the impact is positive?

Larry:

It impacts on [crosstalk 00:10:50]. That's right. And then like I said, having strong reserves and leverage also affects the interest rate charge. So I don't know if you want to add to that.

Rochelle:

Yeah, actually I give a real example of what Larry was talking about associated with fiscal '20 and COVID. So if you might recall, we actually put $5 million into our general fund, because we were in with the time we weren't sure what was going to happen and what the impact was going to be.

Rochelle:

So at the end of fiscal '21, we were comfortable enough that we survived the COVID actually, because of our residential base did left relatively well. We actually moved $3 million that we have put in the general fund into the construction fund, specifically to help mitigate the debt financing that we would need and we increase that was in our July application.

Tim:

So it factors into the change in... Like it reduces the rate request, just like it would be community surplus against the tax leverage to reduce the tax value in some area. It's all a piece of that.

Rochelle:

For some of the funds and as Larry mentioned, they have to be at a certain level. But definitely with discretionary funds, the growth fund, the general fund. We have discretion and how those balances are and how we need those funds.

Tim:

[inaudible 00:12:28] study course.

Larry:

Yeah.

Rochelle:

So here, this is really our sort of standard assumptions. Our standard practice of how we derive the revenue budget is we look at bill consumption and then we look at its conversion to cash. We did adjust for anomalies, they include it. So because we had this big bang, it did impact our January billings and its conversion to cash. So we had to adjust that out for fiscal '23.

Rochelle:

And the other thing that we had to do and I will say that this is estimated is we had to look at how much of fiscal '22 is also elevated due to COVID and what really is that normal? So that was an assumption. And then after we adjusted for the anomalies, then we said, we will apply our standard 1% year-over-year decline consistent with the normal trend.

Rochelle:

We also did not assume any increase in the customer base. I think you're aware that we're in a mature service territory and our customer growth is relatively very small. Fiscal 2023 budget does include rates and charges that became effective in January 2022. So there's a whole year impact. We did keep our uncollectible factor at 2.25%. We are definitely looking at that. You may recall that in the monthly billing business case, we did assume a small increase in that, but we're already at a pretty high level. So we did for budgeting purposes, leave it at 2.25% and we'll be watching that.

Rochelle:

We did though increase our outside-a-year up to $1.4 million in the fiscal 2023 budget. And for the wholesale revenue, we kept that basically under the assumption that the wholesale agreements that we have to have minimum commitments, they'll be at the minimum commitment. And we made an assumption about the pay as you go. We have two small wholesale agreements that are pay as you go.

Rochelle:

If you go to the next page, Jennifer. So here is basically a bridge from the fiscal '22 budget to the fiscal '23 budget. And as I've just mentioned, biggest driver is really the rate increase. But I do want to remind individuals that the rate increase originally was at $7.9 million. And we were able to reduce that rate increase amount to the $7,539,000 based on the talked financing we did and what the final pricing was. So this is consistent with the schedule that we do put into our rate applications, but we were pleased that we're able to pass on reduction to the repairs.

Rochelle:

As I mentioned, we have 1% decline after all the normalizations. Outside a year, we increased, as I mentioned. Fire service, the reason that that's positive, at the same time that we did the conversion of monthly billing, because it was a one-time opportunity to change the private fire billing in the original New Haven district from in advanced to in arrears. And that did have a negative impact on cash.

Rochelle:

So in fiscal '23 has the reverse of that. And then in the other net changes, which pretty much netted out. We had the other impact on the water side of the conversion of monthly billing. We also had [inaudible 00:16:25] about what's really a normal consumption in a normal year. In retrospect, based on what our performance is in fiscal '22, we probably overestimated the adjustment that we're seeing, because our consumption is not as down as much as we have expected. And again, we do think that some of that is still COVID-related. So we're really going to need to pay attention to what the consumption patterns are going forward.

Rochelle:

And there's no additional questions on this page, moving on to the next page. So this is on the operating and maintenance expense side. I'm just going to talk briefly about some of the major categories. So payroll, that supports general and wage and salary increases. We believe that our budget does support business needs, our strategic initiatives, including investment in infrastructure and technology and succession planning and revenue enhancements.

Rochelle:

We did again use a vacancy factor. You might recall for the first time here, even RWA at least first time in the recent past, we used a vacancy factor when we forecasted payroll. We did do that again. In fiscal 2023, we looked at what our actual headcount was at the end of February. What the bottoms-up projections were. And we were comfortable again making an adjustment.

Rochelle:

For employee benefits, the key categories within employee benefits include medical expenses. We do have to not just estimate within the budget, what the medical expenses will be. We also have to look at how much of that is active and how much of it is retirees under 65, because the retirees are paid out of a different pocket. I think you probably recall, we're all self-insured. So medical is one of the items that we botched, because it can't fluctuate. The assumption for medical claim year over a claim year is about a 5% increase.

Rochelle:

The pension contribution is based on the January 2022 valuation report. And for OPEB, at the time that we had to conclude the budget, we didn't yet have the OPEB valuation report. So we made an estimate of what that is.

Rochelle:

For outside or professional services consistent with fiscal 2022, we categorized it into the four categories. You'll see a little bit more detail in a couple of minutes. But the categories are the business requirements, specialized expertise, which is more specialized, while ongoing specialized expertise, that's project-related, then technology-related.

Rochelle:

For maintenance and repair, those does include routine activities. For the fiscal 2023 budget, it does reflect a continued focus on maintenance and repair. A focus on water quality and certain expenses associated with the new Lead and Copper Rule.

Rochelle:

But going on to the larger categories, we had collection expense. This is off year per year. This is consistent with the business case that was sent for monthly billing. We knew that there was going to be an increase in collection expenses, in particular, the bank by processing fees, credit card processing fees as well.

Rochelle:

Fiscal 2023 pump power does reflect the generation pricing under existing contract, which is a four-year agreement as well as anticipated increases in distribution pricing.

Rochelle:

For the information technology license and maintenance fees, that does include the hosting costs, annual maintenance fees for SAP and the maintenance fees associated with several software applications that we have.

Rochelle:

For G&A, it is slightly higher relative to fiscal 2022. That's primarily in the recruitment area and other small net changes.

Rochelle:

Chemicals is one of the categories that we have seen a very significant increase in the price that was effective in February of this year. And we are anticipating this is part of the supply chain and what's happening in the economy. This was a very large increase. You're going to see that graphically committed.

Rochelle:

So those are the main, the larger categories within in our O&M budget. If you go to the next slide, this is where you can see graphically where the key changes are and also the category. So the payroll category is going up primarily due to general wage and salary increases.

Rochelle:

Employee benefits is actually down a little bit. And that's primarily... Again, this is budget over budget. So the medical expense that was in our fiscal '22 budget is well above what we're writing. So budget over budget, medical is actually down, but projection over a fiscal '23 budget is definitely up.

Rochelle:

Pump power, we just have a small variance there.

Rochelle:

Chemicals, I mentioned very large increase. That's one of the larger year-over-year changes. And again, that is based on what we're actually going to be incurring in our projections for the very end of fiscal '23.

Rochelle:

Collection expense, I mentioned is primarily due to the conversion of monthly billing.

Rochelle:

Outside services, the big increase here and you could see that in the graph down below is actually business requirements. And that is actually due to the inclusion in that category of KUBRA, it's an outside firm that it is processing our billing and doing our bill presentment. So that is a requirement. We have to get our bills out. And that's really the largest driver of the outside services.

Rochelle:

The IT license and maintenance, relatively small increase. And that does include a projection of annual increases associated with the fees on our existing application.

Rochelle:

Maintenance and repair is one of the other categories that there's a relatively large increase. And the large driver here is touched upon earlier on. So in fiscal '22, we did use Noda as to do the flushing. So we actually paid them to come in, use their truck and do the flushing. Unfortunately with the lead time with the Noda's truck, we're not going to actually get the Noda's truck until after the end of the flushing season for fiscal '23.

Rochelle:

So we did build in actually starting in May of this year, this fiscal year through the first two months of fiscal '23, having them come back again and do flushing. I also actually saw some pictures of what that flushing does and it's really eye opening. And it really does improve the water quality. So that's it. The key driver there as well as there are some O&M associated with the Lead and Copper Rule.

Rochelle:

If there's no other questions here. So this is what we're demonstrating here is not just the O&M, but the rest of the operating budget. So that does include our PILOT payments. So we do continue to be very proactive with our efforts relative to Pilot John Tran in particular, like watches when those assessments come in and whether we'll be think that they're appropriate or not. And if we don't think they're appropriate, we will take action to work with the jurisdiction to get that addressed.

Rochelle:

I do want to also mention that there is a bit of estimation in our PILOT payments. Although, we do know what was submitted for the October 2021 grand list. At the time we do the budgets, we don't know what the mill rates are. So we do estimate that.

Rochelle:

Debt service, one of the larger components of our operating budget does include the favorable impact of all the prior refinancings. And it does also include our upcoming May 3rd additional refinancing of the delayed delivery that we did associated with our series 36. There are also multiple DWSRF loans include in the budget. At this point, we have 10 loans. Everyone came with a grant and we are still anticipating doing two more, as Larry mentioned before the end of the fiscal year.

Rochelle:

The depreciation, as it relates to our regulatory budget which is what we're showing here it is just based on the last rate case. So our depreciation still well under our book depreciation, but it is up to $7.5 million.

Rochelle:

Going to the next page. So this is really where the operating budget comes together, where we can see what's the end result, what's our coverage going to be. What you're seeing here is a comparison of fiscal '22 budget to fiscal '22 projection to fiscal '23 budget.

Rochelle:

Again, a couple of reminders is that the fiscal '22 budget did not include the rate case at all. It did include the one-time impact of the conversion of monthly billing. The projection now does include the rate increase since January. And it also does include the higher consumption that we're actually seeing. So that's really the main drivers there.

Rochelle:

We're also really pleased to mention that O&M budget, not the O&M budget. The O&M projection for fiscal '22 is actually slightly under the budget. However, it does include an additional above and beyond pension contribution that we're going to be recommending to the authority forward. So we're pleased again that so we'll be every year since fiscal '16, we've been able to make an additional pension contribution to get our pension plans to we're fully funded level. So we're pleased about that.

Rochelle:

And also as Larry mentioned, we're very pleased that our budget for fiscal '23 though it might be slightly more aggressive than in the past. It does include no draw and it does include the full year impact of the rate increase. So are there any questions on this slide?

Rochelle:

Going to the next page, we do also like to highlight some of the opportunities and vulnerabilities. And these tend to be items. We just want to call out that we generally don't have much control over that can have the budget in both a favorable way as well as a adverse way.

Rochelle:

So one of the things is the split between O&M and non-O&M payroll and employee benefits in particular. And just to put the magnitude around this, if we're like 1% off, it could change our budget by like over $400,000, because it's not just the payroll, it's the overheads that go with it in particular employee benefit. So that's pretty significant. At 3%, it's over $1 million.

Rochelle:

The vacancy factor, we're comfortable with it, but it is an estimate.

Rochelle:

Medical claims and experience as I mentioned, we are fully... we are self-insured. Other than that, we do have a stock loss for very large claims. But not only could the level of claims vary the split between retirees and active, also can vary with the retirees being funded out of our FEMA plan.

Rochelle:

We do have a number of price projections that are built into the budget. I mentioned IT license fees, chemicals, distribution, pricing on the electric service side, fuel and insurance. In the latter part of the year. There'll be another renewal period that will be effective on March 1st. So that's also estimated.

Rochelle:

Outside services, this could be more than what we budgeted. If we find that we need additional private expertise or specialized expertise in particular or it could also be under, if we can potentially use more internal resources.

Rochelle:

Maintenance and repair is subject to the weather as well as some of the other things that I mentioned. So with that, it can be impacted.

Rochelle:

And then there's really other potential savings and vulnerabilities in over a broad range. We have many different types of expenses within our own and budget.

Rochelle:

On the revenue side, as you know, weather can impact our revenue. So if it's a cool wet summer, revenues are not going to be as strong. If it's a hot wet, if it's a high dry summer, our revenues could be higher.

Rochelle:

As I mentioned, we're going to watch what our billing to cash conversion is, especially in this close monthly billing environment.

Rochelle:

Other revenues also could be impacted by external factors as well.

Rochelle:

And as I also mentioned, what is the consumption pattern? What is the post-COVID normal consumption pattern? And activity was an opportunity or a vulnerability?

Rochelle:

If there's no question. Here, I'll go to the summary page. So fiscal '22, we're very pleased to say that it will be the 12th consecutive year with no draw from with stabilization fund. As was talked about throughout the presentations, when we go through the year end disposition and other decisions that we made, we really do need to balance the construction fund, which are the more internal generated funds, that we can put into that fund, the lower the financing is. And the impact on rates.

Rochelle:

We are though also trying to fund the growth fund and the general fund. And how we utilize the general fund. Right now, we are over the $10 million as I already mentioned earlier. So we might factor that in when we make our recommendation for the fiscal '22 year end disposition.

Rochelle:

And also the pension plans, because when we do put more in the pension plans, it does mean, less it's going to go into the construction fund.

Rochelle:

The cash collection program is it continues to be multi-faceted.

Rochelle:

Prudent cost management, including matching expenditure levels with revenue projections. So when our revenues are strong enough, we do look at potentially accelerating O&M expenses into the current fiscal year versus the upcoming fiscal year. I should also mention that as we put the budget together, we definitely looked at what we had in the rate case for our assumption is around fiscal '23. We also definitely looked at the model and what we said at the time we did the model. And looking at the comparison.

Rochelle:

Definitely continue to monitor PILOT assessments and take appropriate actions.

Rochelle:

Absolutely pursuing alternative financing. DWSRF, we're planning on using with via money. Also for the Dam project, interim financing when it's appropriate. And also continuing to look at refinancing opportunities.

Rochelle:

And looking at other grant opportunities, especially as it relates to the capital projects.

Rochelle:

And also continuing to execute against our strategic plan.

Rochelle:

Any questions?

Jay:

Rochelle, this is Jay. It's not a question. I just go back to the last two slides and just tell you, I like that depreciation number, I really do. Thank you.

Rochelle:

That's definitely helping with our internal generation of funds. So we appreciate the support of the governing boards to continue to increase that.

Jay:

Yes. Thank you.

Rochelle:

Any other questions?

Larry:

That's our story and we're sticking to it.

Tim:

Yeah, it's a good one. Well, there's some tested flight plates if we have any more left. That was a [crosstalk 00:34:31].

Speaker 1:

We're going to continue to expect that the water usage will stay what it is. I mean, the water usage has increased. I thought at one point we saw a 1% decrease expected. But then I thought, and I may have misunderstood, but I thought that the budget was contemplating a stable revenue with respect to water.

Rochelle:

[inaudible 00:35:05] we have the normal 1% reduction after we adjusted for anomalies, budget to budget.

Tim:

Okay. Thank you.

Mario:

A lot of information and great job presenting it.

Larry:

Thank you [crosstalk 00:35:27]. Thank you.

Jay:

And Tim, terrific job and doing it a short period of time, as you [inaudible 00:35:33].

Tim:

Really asking so many questions, my apologies.

Jay:

No.

Tim:

Great to get through the answers though.

Larry:

All [inaudible 00:35:40] good questions.

Tim:

I'm prepared on my long drive in. Now, thanks for that. So I [crosstalk 00:35:51].

Larry:

[crosstalk 00:35:52] safely.

Tim:

I guess I should look at the agenda, because you have to be close to a chairman. But with that, I guess I'll call for a motion to adjourn.

Tim:

So moved, second?.

Tim:

Thanks, folks.