

REPRESENTATIVE POLICY BOARD

JUNE 22, 2023

MEETING TRANSCRIPT

Mario: Welcome everyone. It's 6:30. I call the meeting of the Representative Policy Board of the South Central Connecticut Regional Water District to order. It's the regular meeting of Thursday, June 22nd, 2023. I'm Mario Ricoszi, chair, and right into the agenda.

First order of business is the safety moment. It's on grilling safety. As we enter the summer, please do your safety check. You don't want to have any grease fires. And also make sure you clean your grill and watch out if you're using anything metal to clean your grill, that you don't leave little shards on the surface. But please review the safety moment that Jennifer was kind enough to put together for everyone.

Public comment, we're open for public comment. Don't see anyone in the room. Anyone online? Anyone from the public? Anyone from the public?

Okay. We'll move on to the approval of the minutes of the May 25th meeting. Is there a motion?

Greg: So moved.

Mario: Thank you, Greg. Is there a second?

Tim: Second.

Mario: Thank you, Tim.

Mike: I have a question. This is Mike Horbal.

Mario: Yes, Mike.

Mike: I think there needs to be a correction on page six of the time of adjournment. My page says at 87:00 p.m. and that's obviously a typo. It's very minor, but I believe it should be corrected.

Mario: It was a long meeting, Mike. That's a very good catch. We will verify, and this is just the meeting, so I'm sure it was over by 7:00.

Jennifer: Yes, thanks.

Mike: Yes.

Mario: Thank you very much, Mike.

Mike: It should be 7:00 p.m.

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Mario: Will the maker of a motion accept that?

Mike: So moved.

Mario: As an amendment. And will the seconder accept that as an amendment? No?

Tim: It's terrific. I so move.

Mario: Thank you. Any other corrections, additions, or amendments to the minutes? All those in favor, say aye.

Board: Aye.

Mario: Anyone opposed? Anyone abstaining? Thank you very much. We move on to communications. At this point in time, we have the fiscal year weighted vote computation that's done. Tiffany Lufkin did a very thorough, extensive review. The bottom line is that all the town's votes remain the same in fiscal '24 as they had been at fiscal '23. Is there any questions from anyone?

Thank you. The next item is the committee preference for '23-'24. If you would please email Jennifer what your first choice is and your second choice for a committee. If you could do it by Wednesday of next week, please. If you're here tonight, you can probably give her the information before you leave. That'll make it easier on you. And this way you can be assigned to a committee starting in July, and then in July when the committees meet, they will elect their chairs. Anything else for these pages?

Jennifer: No.

Mario: Nothing new? Okay, thank you. Next item of business is items for consideration and action. The first is confirming an approval of the resolution approving the issuance of bonds within the Authority's January '23 rate application. So when the rate application was submitted, it included a resolution for the issuance of bonds. We approved the rate application but we did not approve separately the resolution to issue the bonds. That was in your packet. Anyone wish to waive the reading of the resolution?

Jamie: I'll waive. I second.

Mario: Okay. Jamie motions to waive the reading into the resolution.

Tim: I'll second.

Mario: And a second from Tim. Any questions on the resolution? Again, this is what was in the rate application and was essentially approved as part of the rate application, but it was not as a separate motion. Okay. Hearing no questions, all in favor of approving the resolution, say aye.

Board: Aye.

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Mario: Opposed? Abstaining? Thank you. Next item of business is the final decision regarding the application for the purchase of Target One, a Confidential Plumbing Company. Greg?

Greg: Here. Representative Policy Board of the South Central Connecticut Regional Water Authority, June 22nd, 2023. The proposed resolution: approval of the authority's application for the purchase of assets of Target One, a Confidential Plumbing Company. Resolved that the proposed Findings of Fact, Conclusions of Law, and Final Decision of the Representative Policy Board with respect to the South Central Connecticut Regional Water Authority's Application for approval to purchase the assets of Target One, a Confidential Plumbing Company, dated March 30th, 2023, which copy is attached hereto, be and hereby is approved in the form submitted to the meeting.

Mario: Thank you, Greg. That's in the form of a motion. Is there a second?

Jay: Second.

Mario: Thank you, Jay. Discussion. Discussion on the motion? Any discussion? Hearing none. All those in favor of the motion to approve the acquisition of Target One, say aye.

Board: Aye.

Mario: Anyone opposed? Anyone abstaining? Thank you very much. Next is the Finance Committee's recommendation regarding the complete list, mode, and date of a Public Hearing for Target Two. Tim.

Tim: Thank you Mr. Rizzo. This is the Finance Committee's recommendation to RPB regarding Authority's application for approval to purchase assets of Target Two, a Confidential Plumbing Company, dated June 12th, 2023. Whereas the South Central Connecticut Water Authority on May 30th, 2023, filed an application with the Representative Policy Board for approval of purchase and assets of Target Two, a Confidential Plumbing Company (the "Application"); and whereas the Finance Committee of the Representative Policy Board reviewed the Application and recommended that the Application be accepted by the RPB as complete; and whereas the Finance Committee recommended that a public hearing be conducted by a presiding member; and whereas the Finance Committee proposed a public hearing date of July 27th, 2023 at 7:00 p.m., in accordance with Special Act 77-98, as amended, and the RPB Bylaws and the Rules of Practice.

Now therefore be it resolved that the RPB accepts the Finance Committee's recommendation to consider the Authority's Application and determined to hold a public hearing to be conducted by a Presiding Member on July 27th, 2023 at 7:00 p.m., in accordance with Special Act 77-98, as amended, and the RPB Bylaws and the Rules of Practice, and to resolve further that the chairperson served by direct to give notice of said hearing in accordance of Section 11 of the Rules of practice, as amended.

Mario: It's in the form of a motion?

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- Tim: It's in the form of a motion.
- Mario: Is there a second?
- Anthony: Second.
- Mario: Thank you. Questions on the motion? Any questions? If this is approved, Mr. Clifford has agreed to be the presiding member that evening, for your information. Okay, hearing none, all those in favor, say aye.
- Board: Aye.
- Mario: Opposed? Abstaining? Thank you very much. Next item is the Nominating Committee's recommendation for RPB officers. Naomi?
- Naomi: Representative Policy Board, June 22nd, 2023, proposed resolution resolved that the following officers are hereby elected to serve for the year, July 1st, 2023 through June 30th, 2024, or until their respective successors are duly elected and qualified. The Chairperson would be Robert E. Harvey, Jr., Vice Chairperson Stephen Mongillo, Secretary Jamie Mowat Young, Treasurer Timothy Slocum.
- Mario: Form of a motion? Is there a second?
- Anthony: I second.
- Mario: Anthony seconds. Questions? Comments? Okay. Hearing none, all those in favor, say aye.
- Board: Aye.
- Mario: Opposed? Abstaining? Okay, congratulations.
- All: Congratulations.
- Mario: That brings us to the reports and the first is the Finance Committee. Tim?
- Tim: Thank you Mr. Chairman. We met on June 12th. We started out with a rather fulsome report from Jeff Donofrio on Rules of Practice, FOIA ethics practices, and things like that that we must be guided by. It was a good experience. Jeff did a great job and I think everyone on board that evening was reminded of important things. We then, again, followed that with a thank you and recommended what I just read from this motion before you, the Target Two Application for a public hearing, that's complete and all that stuff. That was followed by Ms. Kowalski. I reviewed the highlights of the five-year budget proposal and there was an agreement that it was going to go for three more and prices to follow on the next month if our schedule [inaudible] how it was left. And with that, we got some updates on approved projects. They're all in the minutes for your interest. And our next meeting is July 13. If any wants to join us, happy to have you.

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Mario: That's a special meeting?

Tim: It is a special meeting date. There had to be a change because of a conflict with the Claire C. Bennitt Watershed Fund Annual Golf Tournament. So it's a reasonable change [inaudible] calendar, so thank you for bringing that point up. So that's the end of my report.

Mario: Any questions on the Finance report? Thank you very much. Land Use Committee, Peter.

Peter: Hello, everyone. Land Use met on June 14th at 5:30 here. We also sat with Jeffrey Donofrio, OCA, went through the FOIA and the ethics. It was very interesting. He did a great job. It caught my attention very well. We had approval of minutes. John Triana did a great job on the properties and the updates. That's all in our minutes, so that's usually a really long, a too long report to go over.

And then like Mario said, our upcoming July meeting, we're having a committee chair election. I'd like to be appointed again, but if anyone else wants to run, let me or Jennifer know. And our next meeting's July 12th, 5:30. I'd like to get some input on where you guys want to have it. And ladies, we would like to go outside somewhere. Then we adjourned.

I'd like to thank Mario Ricosi for all the years of service as Chairman here. He did a great job, made me feel very comfortable. Called you many times with questions, and I really appreciate it. So that's it. And congratulations to the new board members. I'm going to be really hard on the new Chairman. Congratulations. Thanks. Any questions?

Mario: Thank you Peter. Questions? Okay. Thank you very much. Consumer Affairs, Steve.

Stephen: Good evening, Mario. Thank you. I'd also like to start by congratulating you on your new role, and also agreeing that you've done a great job as Chairman of the RPB. I really have enjoyed working with you and it's nice to know you'll be on the board, but we're going to miss you on the RPB, for sure.

Consumer Affairs has not met since our last meeting, but we're meeting Monday and we are going to get the same presentation on FOIA, and ethics, and conflicts of interest that the other committees got. The meeting is open to other committee members and any Supreme Court Justices that may need to brush up on some of the rules as a practice.

Mario: Okay. Questions for Stephen? Thank you very much, and thank you Jeff for putting that together. So far, you've gotten two thumbs up and the third is still pending. If you have not attended either Finance or Land Use to hear Jeff's presentation, you're more than welcome to join the Consumer Affairs meeting on Monday. And if you're a member of the Five Member Authority and you wish to attend, please do so. There's plenty of room on the screen. Anything else for Consumer Affairs?

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Stephen: Hey Mario, just to note that our meeting will be virtual only if anybody else wants to join us.

Mario: So it's very easy to attend. Very good. Naomi, was there anything else with the Nominating Committee?

Naomi: Nope, we are all set.

Mario: Okay. Thank you very much for the efforts from everyone there. Authority and Management? David, Larry?

David: Thank you, Mr. Chairman. And I would like to start with a note that it has been a pleasure working with you as Chairman of the Authority to Chairman of the RPB, and I look forward to working with you in a different capacity. Thank you for your service. I also want to thank the new officers, and look forward to working with the new Chairman, the new President, new Chairman, sorry, Chairman and the Vice Chairman, Secretary, and Treasurer, so we look forward to that.

Lastly, thank you for your support on the Application. Just to let you know, we had a long meeting today. We had a lot of important items. Two of which are applications that really do go together. For a land disposition, two pieces of property in North Brantford that you previously approved in 2011, but we were unable to sell at the time and circumstances have changed now, so we're resubmitting for your approval and ... for your consideration and approval, so you'll be seeing those in the coming days. That was one of the things we did this afternoon.

We also met as the Strategic Planning Committee and we reviewed the fiscal '23 metrics and the '24 metrics that were all met, and some significantly exceeded, but at least they all met. And then we reviewed and approved the metrics for fiscal year '24, which will be significant, and the organization continues to improve and get more efficient as we move forward with these.

We also met as the ... oh, and while we met as the Planning Committee, we reviewed our collection strategy and got an update and we're in significantly better position than we were, to compare apples to apples, a year ago. Significantly less balance due to us, accounts payable and receivable. And then also we had a report on customer service experience and how we're going to move forward with the survey from Great Blue again this spring as we do periodically, and will help us get better and help us know what our constituency thinks of us as we serve their needs.

With that, we also met as the Commercial Business Committee, and I'm not sure that Kevin is on, but I believe he is because he chose the ... yes, he is. There he comes on now. Good. All right, Kevin, if you would like to give us a report on that?

Kevin: Yes, Mr. Chairman. Yes, good evening Mr. Chairman and members of the commission. Can you hear me?

All: Yes.

Kevin: Thank you. So we met as the Commercial Business Committee. We had a presentation, primarily from Dennis Donovan, but we also had input from Rochelle, Prem, Sunny, and management. We reviewed the fiscal year '23 results on commercial business, reaching 97% of goal. We discussed the FY23 results and key achievements in learnings. We discussed commercial business actions and measurable goals to achieve the FY24 targets. We also reviewed and approved our Committee Charter after a brief amendment, or a small amendment to that. And then we had an executive session, somewhat extensive, where we discussed a lot of more specific information. Thank you.

David: All right. Any questions regarding that? Then I'll hand it over to Larry for the business report.

Larry: All right, thank you. So after 12 months of actual results through May 31st, our operating revenues are over budget by about \$5.8 million, and that's due to our water revenues being over budget by about \$5.2 million, primarily due to higher than budgeted consumption. And our other revenues are above budget by \$355,000 due to backflow device testing, some of our manual meter reading charges, our outside lab services, and PipeSafe. And when you do all the puts and takes, we are projecting coverage of 140% compared to a budget of 114% with no shortfall. This projection reflects higher than anticipated interest earnings. So obviously while the interest rates are up that costs us in terms of debt, but we're also making a significantly greater amount than we had originally budgeted on our various funds that are in interest bearing accounts.

Also attributing to the higher coverage are lower operating expenses, and pilot, and debt service than budgeted, and debt service is due to the timing of the DWSRF payment. We had originally thought we were going to make a payment in this fiscal year, or receive the grant this year and make a payment next year. We'll do that. And we're still a little uncomfortable with the overall economic environment and what's going on there, and the impact on customers and their ability to pay. And as of June 12th, raw water storage was at 95% compared to a long-term average of 91% for this same time last year, for the same period. With that, I'll answer any questions you might have.

David: Did you talk about the distribution?

Larry: I did not.

David: Okay.

Larry: Okay. So we also talked today about the year-end distribution and we are putting some 20 million ... because of that high coverage ratio, we're able to put \$20 million in the construction fund, which will be used to offset financing for our customers, so that will be a tremendous benefit there. We also put in additional funds, included the pension payment, we had to put money in the operating reserve, almost a million dollars. That's

required. We also put \$4 million into the growth fund, which will help us with the two acquisitions if they both are approved. One has been, if the next one is approved, and it'll also help us with payout of some of the incentive compensation to the owners. So we had a very, very good year in terms of distribution of funds. And with that, I'll answer any questions you might have.

Mario: Questions from any of the members?

Greg: Yeah, Larry, do we know why the water revenue is so far over budget?

Larry: Yeah, we believe that's because we had higher than budgeted consumption last summer, which was part of this fiscal year. Plus people are using, they're still using a little bit more water. For instance, our production this year is about three, almost three and a half percent higher than it was last year at this same time. So I think that still reflects people working at home, and we've had warmer than normal weather recently.

Stephen: Larry, this is Steve.

Larry: Yes, Steve.

Stephen: You mentioned the economy, a little concern about the economy. Have you noticed that payments have slipped some over what you had been experienced?

Larry: No, actually our accounts, we had an extensive discussion today on that and our accounts receivable are actually back to very near pre-pandemic levels. So Prem and his group have been putting a real focus on cash collections, and payments are up, and we had a very strong May, stronger than what we normally do even though May seems to be a month where we always do better than what we had budgeted. This past month, we did actually better than budget.

Stephen: Thank you.

Larry: Sure.

Jamie: Larry. Do you think that move from quarterly to monthly invoicing, do you think that makes a difference? Or do you think it just is the way of things at this point?

Larry: Well, our May has always been a strong month for us, even when we were on a quarterly basis. Certainly, I think moving to monthly billing has had somewhat of an impact. That certainly could be a factor.

Mario: Other questions?

Jim: Yes.

Mario: Oh.

Jim: I was just going to-

Mario: Yes, Jim.

Jim: I just wanted to say with the bonding that was done by the Finance Committee and the [inaudible] it's a great way, where we got a reduction, too, to our consumers, which has happened by keeping the expensive [inaudible] down.

Larry: Yes, thank you.

Tim: I just had a quick question on pilots, because that's municipalities, correct? That's essentially what that is.

Larry: Correct. That's our [inaudible] and we structured that at an amount we anticipate.

Tim: Right.

Larry: Sometimes, the ultimate mill rate's not as high as we expected.

Tim: I see. Okay. So that's sort of what we're dealing with then. Did better, though.

Larry: Better. Yes.

Tim: Which means the folks did worse.

Larry: Yes.

Tim: Because taxes went up, I guess, because that helped.

Larry: Yes, it helped.

Tim: Right.

Larry: Because the mill rate that we expected wasn't as high as what it ultimately turned out to be.

Tim: Okay, thank you.

Larry: Or we didn't put in as much pipe as what we thought we might, for instance.

Tim: Because I wondered if it was something like that, if it was related to community expansion within the system versus tax levels. I wasn't quite as sharp on my [inaudible].

Larry: Yeah, a little bit of both.

Tim: Okay. Terrific.

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Larry: Primarily a lower mill rate than we had anticipated.

Tim: Thank you.

Mario: Any other questions? Thank you very much Larry.

Larry: Thank you.

Mario: Any new business? Jeff, have any words for us before we go into public hearing?

Jeff: No, I just want to thank the committees for being patient. I know that some of the governance material can be a little bit dry. Jennifer made sure we had, at the Land Use Committee, a couple extra gallons of water.

Anthony: That's why consumption is up.

Jeff: But hopefully everyone finds it to be useful and that the document is a tool going forward. Thank you.

Mario: Oh, thank you very much for putting that together. It's been very helpful, and it's always good to get a refresher on things that we may have all received at one point or another. And the fact that you did the references, also makes it useful for going back.

I will take just a second and thank the RPB. It's been quite a pleasure to be chair for the last four years, even though three of them were remote, fully remote, and we saved a lot of money on mileage and on meals. Every year Jennifer says, "How much do we budget?" It's like, "Well, are we going to be eating the brownies or not?" That made a big difference in the budget. That's why you hit 140% for last year.

It's the brownies. [inaudible]. But seriously, it's been really great working, especially with all of you. And Jennifer is a tremendous help. Bob.

Bob: Yes.

Mario: I'll give you her cell phone number later.

Bob: Thank you.

Mario: You'll need it. Because there will be many times when you forget something as Chair and she will remind you. So thank you again. Appreciate it. And unless there's any other business, we stand adjourned.