

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

SEPTEMBER 26, 2024

MEETING TRANSCRIPTION

David:

All right. It appears as though it's 12:30. Again, I apologize for being remote. I know how difficult it is and as soon as Kevin comes into the meeting, I'm going to hand the meeting over to him to run.

I think it'll be more logistically smooth. But in the meantime, I will call to order the Regional Water Authority's meeting for September 26th, 2024. I will note that for attendance, all are present except Kevin who's nearby and will be joining us shortly.

And with that, the first item on the agenda is a safety moment and hopefully we all got to see that Listeria can be quite dangerous. So we've got some tips there. Regard to public comment. Jennifer, is there anybody from the public who is here?

Jennifer:

No, there's no members present.

David:

Okay. Is this the point at which we introduce Kevin and have him speak or Larry, should I hand it to you? I'm not sure how you folks want to do that there.

Larry:

Yeah, now would be appropriate. We're celebrating 175th anniversary and Kevin has something from the state legislature that he would like to present to the RWA.

David:

Oh, great. Oh, I know what that is.

Kevin:

It's actually from the governor. Everybody can hear me. So we got an official statement from the governor. Would you like me to read it out loud?

David:

Sure. Okay.

Kevin:

So it's an official statement by his Excellency Ned Lamont, governor. " On behalf of the State of Connecticut I, Ned Lamont, Governor, take great pleasure in congratulating South Central Connecticut Regional Water Authority and its predecessor company, New Haven Water Company in recognition of its 175th Anniversary.

For 175 years, South Central Connecticut Regional Water Authority has served the citizens of the State of Connecticut with great distinction.

The 175th anniversary of South Central Connecticut Regional Water Authority commemorates the legacy of Eli Whitney II and his vision and commitment to make life better for people through serving safe water to the City of New Haven and surrounding regions. Providing sustainable water supply for generations to come through their cutting-edge water filtration plants, South Central Connecticut Regional Water Authority raises the standard of excellence in the State of Connecticut.

The employees of South Central Connecticut Regional Water Authority and its predecessor New Haven Water Company, have demonstrated a sound commitment to environmental stewardship, thereby preserving the purity of the water supply. I commend them all for their enthusiasm, leadership, and dedication to excellence. Congratulations on this remarkable milestone and may the South Central Connecticut Regional Water Authority continue to work toward improving Connecticut's future for years to come.

Therefore, I, Ned Lamont, Governor of the State of Connecticut, do hereby officially convey honor and recognition upon South Central Connecticut Regional Water Authority and its predecessor company, New Haven Water Company in the State of Connecticut." Signed by the governor.

Larry:

Very good.

David:

That's super. Thank you for arranging that, Kevin, I'm sorry I'm not there. I will be at the meeting tonight and I assume you're going to show that tonight as well to the RPB?

Kevin:

I am.

David:

Good. Then I'll be there to see it in person later, so that will be good. All right, any other comments or go to the order so to speak that we're having? All right, then we'll move on to time to meet as a Audit-Risk Committee. So who would like to move that we recess as the Authority to meet as the Audit-Risk Committee?

Mario:

I'll make that motion, Mr. Chair.

David:

Thank you. Mario.

Catherine:

Second.

David:

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

Authority members:

Aye.

David:

I think I heard four votes so that passes unanimously of those present. So Catherine, the meeting is yours.

[AUDIT-RISK COMMITTEE MEETS FROM 12:33 P.M. TO 12:58 P.M.]

David:

Kevin, I'm going to hand the meeting over to you and I'm going to be leaving shortly and let you run it.

Kevin:

Ok. So we have a motion for the consent agenda or is there anything that needs to be removed and discussed [inaudible 00:30:03]?

Suzanne:

I move that we approve the agenda.

Catherine:

Second.

Kevin:

Any further discussion? All in favor?

Authority members:

Aye.

Kevin:

That passes unanimously.

Kevin:

Next is finance. Back to Rochelle.

Rochelle:

Let's start with the balance sheet. So we'll start with the balance sheet and I'm just going to touch upon some of the key items. If we do have questions, just let me know. So this is just a refresher. This is comparing the end of first quarter of fiscal '23 to the end of first quarter in fiscal '24.

So you can see overall net utility plant is actually up 28.4 million. You can also see that in-service property plant equipment went up pretty significantly at 57.7 million. I will mention this does include lease, this does include intangible assets and it does also now include the assets associated with the subscription arrangements.

So we'll probably break it out, but that is one of the reasons that it's up. But it is still primarily up because of the property plant equipment that went into service. Some of the larger projects as an example would be the West River improvement project. Construction work in [inaudible 00:31:56] just to mention, it is down, it is still high.

We do still have some larger ongoing projects and that would include as an example the CIS project. I want to mention, so goodwill, we do advertise goodwill. The reason here that increase, and this is an estimate, we are still going through the property, the purchase price allocation associated with HSV. There will be a goodwill component.

There's also an intangible asset component, as well as the hard assets. So for the transaction, we've done an estimate of how much is going to be in goodwill and how much is going to be intangible assets. And we'll update that I would expect before we report on the next quarter, but I just wanted to point that out.

For cash and cash equivalents, that's actually down just slightly and that is primarily due to the change in the growth fund with the funding of HSPA and it's partially offset by increases in the revenue fund.

Good news on accounts receivable just to mention that accounts receivable is down year-over-year and you can actually see that in the RPDP dashboard. That was part of the [inaudible 00:33:20] agenda. So we are actually now below the pre-COVID level, so that's really favorable.

You can see just to mention the least receivable is just also the GASB 87 that David mentioned. We're going to be... The updates to the lease receivables and everything associated with that accounting guideline, as well as the subscription accounting. We're doing that based on recommendation from the auditors. We're doing that once a year.

So it would be in that way when we have a new lease or a new subscription arrangement, that's not being created throughout the whole year because it is a little complex. For restricted assets, a couple positive things. Here, I would just mention that the construction fund is actually hardly down at all year-over-year and that's because we did have a strong year-end disposition.

We also had from August of last year to August of this year, we had proceeds that came in from the Drinking Water State Revolving Fund, including pretty significantly from the West River improvement project. And so with all the inflows that we did into the construction fund versus the outflow is only a very small difference. So that's two that's there.

Pension, we also update the deferred pension and OPEB outflows and inflows. We update them annually based on the actuarial reports and then we amortize every month. You go to the liabilities side and Suzanne, this would be like an example you could see now.

So this is after our August one principal payment. So you could see in the non-current revenue bonds, we're actually down 26 million. And that's a combination of the large principal payment that we made in August, as well as the favorable impact.

We did do a refunding in May of 2024 and that actually had a favorable impact on the principal. Just moving down talking about the revenue bonds payable, you can see the current portion is up. So we have almost a \$25 million principal payment coming to next August.

Also, for DWSRF you can see that that is up a little over 12 million. That is primarily due to West River. That was one of the larger loans, but it's a 2% loan that came with a grant. You can see what David also mentioned regarding the pension liability.

So that is down significantly over \$6 million. That was primarily due to higher interest earnings. However, just keep in mind, fiscal '23, it was the opposite. So the balances were really low and we did well in fiscal '24. So there is still volatility based on the market, but it was favorable impact.

The OPEB obligation just went up a little bit, just over 400,000. You can see again just calling out, going back to what David was talking about. So you can see we are breaking out the lease liability, we're breaking out the subscription related liabilities as well.

They'll be adjusted on an annual basis like I mentioned. And when you go through all the puts and takes. You can see that total net asset, they're up year-over-year at the net position by a little over 39 million. Those I think are the highlights of the balance sheet. Unless there's any questions? Go to the next page.

Catherine:

Just one question. I just need to have a little bit of understanding, please. Because we're seeing more borrowing using DRSRF funds, we are paying lower interest rates on the amounts that we're-

Rochelle:

Yes, we are.

Catherine:

Okay. And we're also getting more grant dollars?

Rochelle:

Yes, so far for every DWS, we've gotten a grant with each one of [inaudible 00:38:16].

Catherine:

Okay. I think it might... When we think about doing an annual discussion about our debt levels, it might be interesting to see what we're paying in interest, what interest rates are on the debt and see where that is trending. So that might be helpful. I'm sure you have [inaudible 00:38:36] spreadsheet. [inaudible 00:38:39] and all that kind of stuff.

Rochelle:

And when [inaudible 00:38:45], you might recall that we are still pursuing that [inaudible 00:38:49].

Catherine:

Yes, that's right.

Rochelle:

So that's risk management [inaudible 00:39:03].

Mario:

States are 20 years. [inaudible 00:39:20].

Rochelle:

Can go to that. They do pay more. [inaudible 00:39:27] why don't you go to [inaudible 00:39:31]? And here again, I'm just going to go through the highlight. If there are any questions, let me know.

So actually, meter water revenue is running under. Our other water revenue is actually running above. This is gross revenue at the top of the page here. Other proprietary revenue is also running above and

that actually is a large part of that is due to HSV that was in our official budget. Operating expenses under by about 1.4 million. I'll go through that in a little bit more detail later.

We are still seeing favorable interest income because the rates, although they're now expected to go down and there was that 50 basis point change, the rates going into the first part of the fiscal year were higher than we expected them to be.

Suzanne:

What is the STIF pay?

Rochelle:

The STIF rate now is a little over 5% and it's actually down from... We'll see it a little bit later on where it was even five, four. So getting good returns with not a lot of risk but it will... There's a balance.

Catherine:

Historically, STIF has always been slightly ahead of market for 20 years I was there. Was always ahead of market and that was one of the things we [inaudible 00:41:26].

Suzanne:

That's a good [inaudible 00:41:26].

Rochelle:

I'll talk a little bit about our maintenance tests. So we are currently projecting to be at 117%. This is not adjusted for the rate application because the rate application hasn't been approved. So we don't want to be presumptuous relative to its approval.

A couple key things that are driving it. You can see that interest income, we are forecasting it to be higher. Also the other net that is largely due to HSV that was not part of our original budget and also to a lesser degree, some of the other miscellaneous water charges.

Operating expenses at this point, we're forecasting it to be on budget. Same with depreciation. Depreciation will be updated if the rate application is approved. Pilots running a little bit under.

And then debt service is another area that we are well ahead and that actually has to do primarily with the refunding that we did in May and what the structure of the refunding was. So that's positive news.

On this page, Jennifer, just go to the bottom. This is where we do sensitivities and I just want to spend a minute talking about the maintenance test sensitivities. So for this year, we're just did what happens if consumption is 5% lower or 5% higher for the remainder of the year.

And I think the key message from my perspective here is even a relatively small change [inaudible 00:43:26] not insignificant impact, including whether or not you would even have a draw or not. So this is why we closely monitor the revenues and the expenses.

I will mention that August, I think we were impacted by the weather in August. We're going to be carefully monitoring what September looks like and this to me is an example of why we really need to watch it because even a small change can make a difference between possibly a draw and not a draw.

Go to the next page. So here's where we show a little bit more detail on our O&M expenses. And as I mentioned, we are forecasting at this point that we'll be on budget for the year.

We'll again monitor that closely. And relative to some of the year-to-date variances' payroll, we are a little bit under headcount. And that's helping from a financial perspective, but there's also a little bit of mix between O&M and non-O&M that's helping as well.

Employee benefits, right now, the reimbursement from the OPEC plan is higher than what we anticipated and that's also a mix between the active and the retirees that we have to forecast. That's one of the variances there. Pump power's an area that we're going to be watching closely.

It looks like there was actually some increases relative to the distribution side of that. So we're actually looking into that. Chemicals we think at this point is primarily timing-related, as well as outside services. If you scroll down a little bit more.

Suzanne:

Rochelle, what did you mean by reimbursement?

Rochelle:

So we're retirees, so retirees under 65 are just part of our regular plan. And then we also fund retiree based on what benefits they're due and that gets reimbursed from the OPEC plan for the plan. So we process that [inaudible 00:46:15].

Suzanne:

Okay, thank you.

Rochelle:

And here, you can also see on the expense side, it's really not a lot of difference if your consumption goes down 5% or goes up 5% from an expense perspective. It does have more of an impact from a revenue perspective. And I will say for assumption one, we did a first look at where we think some of the different line items will end the year.

So as an example, we expect payroll, since it is under-running and we're under, that could under run for the year. But as we go through the year, I would expect that there's going to be other changes across the different categories.

Suzanne:

Assumption one is under five, and assumption two is over five?

Rochelle:

Yeah actually, assumption one is what the current projection is based on the same level of consumption. Two is under... Actually and three is over.

Suzanne:

Thank you.

Rochelle:

So here first, from a high level, we are projecting that we will achieve about 97.6% of our budget. For the projections, we did here show where we anticipate each of the projects to be at the end of the year.

So this would include both the pending amendments pending your approval today, as well as our current view of where the different projects will end for the year. And we do watch that very closely throughout the year or so. I'm sure there will still be continuing changes.

Suzanne:

This includes whatever is pending today?

Rochelle:

Yes. So the ones that are today for treatment, the filter media replacement, that's one of our larger amendments.

Suzanne:

That's okay, Rochelle, I just-

Rochelle:

Yes.

Suzanne:

... did the [inaudible 00:48:36]. Thank you.

Rochelle:

Let's see, some of the larger variances right now are the clarifiers year-to-date is running over. That is just a timing with the invoices. One of the larger variances. Another one of the larger variances, which is also part of the amendment, is the lead service line replacement, that is running under.

That's partially timing, but we are now forecasting a lower expenditure for the year. That's actually good news. You'll hear more about that when we do the ten-year model and what our update has been to that.

And I think from another positive perspective, if you go to the very last page, the last page of the capital. This is actually unusual and I want to point this out is I think an improvement due to some process improvements. For the first quarter, we're actually running a little ahead of budget instead of being significantly behind. So that's good news.

And then from an overall perspective, like I mentioned, we're currently forecasting to be at definitely above the 96% target. We will not entertain this, this is late-team effort where we're monitoring it almost daily.

Suzanne:

What process [inaudible 00:50:34]?

Mario:

Yeah, I was just going to ask the same question.

Rochelle:

The process improvements had to do with a couple key things. First, one of the things was how retainage is budgeted. That's one improvement. Another improvement does have to do with how we are handling the project reserve where we're putting [inaudible 00:50:57] aside and keeping them aside for external circumstances.

I think that just the overall management of the program and that did include, we did cut back on what was actually budgeted to make it, in our view, more realistic of what would actually happen with various projects.

Kevin:

Excellent.

Rochelle:

If there are no other questions we can you go to the next page. This is actually where you see all our funds and what the investment returns are. So this was actually at the end of August, so probably not surprisingly, the rates are actually [inaudible 00:51:54] down now, but still high.

And the budgeted return is like a weighted average for the year. So it's comparable to the far right column, but you can see the returns have remained high. We do try to balance the money that's invested in the STIF versus some the midterm securities because the midterm securities usually pay twice a year, while the STIF pays every month.

So this is a key part of our maintenance test. So we try to look at when we want [inaudible 00:52:41] and the securities that pay only twice a month. And also for the risk profile, because as we talked about the STIF, it's very minimal risk compared to some other securities and the risk isn't... It's more the market risk. And we do also adjust for the fair value of all those securities.

One more page and this just shows also from a cash perspective. So this is year-to-date. So year-to-date, we're running a little over 300,000 above the budget. It displays it by fund. We're also displaying... So with the construction fund, although it doesn't count for the maintenance test, that money is available to fund the construction program.

And as I mentioned before, probably now a few years ago, we moved towards only maturing money [inaudible 00:53:46] the time is actually needed. So that money is available to fund the construction program and the growth fund, the money does stay in the growth fund. Are there any questions?

Kevin:

[inaudible 00:53:57]. That [inaudible 00:53:57] is part of PipeSafe is part of the original [inaudible 00:54:30] company is not considered part [inaudible 00:54:34].

Rochelle:

HSV is part of [inaudible 00:54:39].

Kevin:

Okay. Thank you. Yes. Other questions? Thanks, Rochelle. You have an action that you need from us on this next-

Rochelle:

Yeah, on the next [inaudible 00:54:57]. So this is actually the amendments to increase the budget for the [inaudible 00:55:07] under-drain and the filter meter replacement. And key reason that we're doing this is that there are really savings associated with doing them all at once. So that's what we're proposing.

Catherine:

Say that again.

Rochelle:

There are savings to do all the under-drains at the same time [inaudible 00:55:31] instead of doing [inaudible 00:55:34] under the [inaudible 00:55:36] contract that we got based on how it was [inaudible 00:55:41] to us.

Kevin:

So we had a plan to do some of them.

Rochelle:

Right.

Kevin:

Makes sense to do all of them. And so we need to improve the transfer. Any questions on that?  
Catherine?

Catherine:

What would be the overall savings?

Rochelle:

It is probably about 300,000.

Kevin:

Yes, sir.

Mario:

I'd like to make a motion to [inaudible 00:56:10].

Catherine:

Second the motion.

Kevin:

Okay. Any discussion or questions on the motion?

Mario:

Just as you go through capital planning and I guess traditionally many, many, many, many years, people like to chop things into very small pieces. I know several years ago when we talked about capital programs, that we talked about looking at the holistic criteria instead of breaking into the little pieces.

This is a perfect example of why you have to look at it holistically and that it bundles together and bundling it because it is less of a headache for the people who are actually operating a facility that have these strangers running in and out all the time.

And there is a cost of mobilization and a cost of the design that can obviously be spread over multiple so that it's more cost-effective. Sorry.

Kevin:

Got it. Thank you. Any discussion?

Suzanne:

I just wanted to ask, the 300,00 is what percentage of total cost of all the under-drained projects?

Prem:

This one amounts to about say three million. So if you look at say-

Suzanne:

It's about 10%.

Prem:

10%, but it also includes the filter media, so that's about 800,000 per year. So maybe about not 10%, a little bit lower.

Suzanne:

So does this do anything to put a strain on the implementation of trying to get them all done at the same time on the staff, or I just wondered is it pure? Like it's just savings and it doesn't amount to something else where it's a pressure on something else. The cost on something else?

Mario:

Down sell [inaudible 00:58:00]? Yeah.

Prem:

The reason the cost on the logistics of shutting down the plants and making the filters available. But certainly, I think that'll be worked out with the operations folks to make sure that the [inaudible 00:58:11] media replacement happens when they can actually take the filters out. But in terms of other impacts, there is a small impact in terms of [inaudible 00:58:21].

Rochelle:

The retirement of the filter media could come into play. But I was actually going to mention that the project manager of the project, it was actually that individual's recommendation to do that. To do this based on how the bid came in with what the pricing was.

Mario:

But the potential downside is probably very slight. But from what you just said, it sounds like it would be that the retirement of the existing filter media, you're not getting the full value of that.

Rochelle:

You're not getting... It may have a remaining balance from they might not be fully retired.

Mario:

Got it. Okay. So we'd still have some use to that. We don't know what the value of that is. Okay.

Suzanne:

And is that a one-time thing because you're consolidating them and then you can now make sure they go to their maturity [inaudible 00:59:16]?

Rochelle:

These are pretty short-lived and this is... I am talking about the filter media side for sure [inaudible 00:59:23].

Suzanne:

Okay. Thank you.

Kevin:

Any other comments or questions on that? And I believe that the motion and the second were for both of these resolutions, there's one for filter media and there's one for the under-drain replacement?

Mario:

But it's the intent.

Kevin:

That was the intent.

Catherine:

That was the intent.

Kevin:

Got it.

Catherine:

That was the intent of my second.

Kevin:

Thank you. Thanks for the clarification. Without seeing any further discussion, all in favor?

Authority members:

Aye.

Kevin:

Opposed? Abstentions? That passes. Thank you. Thank you, Rochelle. Thanks for the [inaudible 01:00:01]. We have RPB committee assignments and the reports from mostly I think all September, right? September 9th, we had Catherine.

Catherine:

So following the safety [inaudible 01:00:29] and [inaudible 01:00:29], the committee [inaudible 01:00:29] resolution to issue [inaudible 01:00:34], resolution to issue [inaudible 01:00:38] refinance the cost of certain treatments related to the lead service line. So this is, they're moving this to the [inaudible 01:00:50] board.

There were some questions of members where they were clarifying where the bond proceeds would be deposited and the [inaudible 01:01:03] account contingency and debt service reserve funds and Rochelle provided some aid in order to report on projects.

There are a number of questions about the Whitney Dam Project and our WA staff responded generally and assured the members that the people in the neighborhood of the dam would be [inaudible 01:01:23]. The meeting adjourned at 5:15, 15 minutes after it started. Very long meeting.

Kevin:

Thank you. Any comments? Okay, Suzanne, looks like you had a double-

Suzanne:

Yeah, I did.

Kevin:

- double header.

Suzanne:

[inaudible 01:01:39] got on the water. [inaudible 01:01:43]?

Kevin:

Either one.

Suzanne:

The Land Use Committee met at Lake Saltonstall Water Treatment Plant. And we had met on 9/11. So we had a brief moment of silence in remembrance of folks who were lost in 9/11. We also had an update from two of our staff on water chestnut harvest at Travis Pond in Brantford. We talked a lot about the method and they showed us the impact to the pond, et cetera. And it seems to be going very well.

We also had the regular report on all the properties and [inaudible 01:02:21] levels and everything. And there was nothing of particular to our conversation on the committee. And then they finished up by

South Central Connecticut Regional Water Authority  
September 26, 2024

talking about the grant for the Bat Study and assigned members to the authority meeting. And the next regular meeting is Wednesday, October 9th at 4:30 at Lake Saltonstall.

Mario:

Thank you.

Suzanne:

We also met as the Consumer Affairs Committee and we had new chair, Chair Campbell, ably managed the meeting. RWA's water quality manager provided an update on the [inaudible 01:02:59] revisions. He talked about a bunch of different things.

If everybody's interested, I can share that, but I'm sure it's a presentation that we've had ourselves or are going to get more information about today. Let's see. So he noted that we'll be submitting an inventory to the Connecticut Department of Public Health on October 14th.

And committee members had questions involved around the lead and source identification process, testing sample requirements and data, line replacement, source identification and estimated program cost.

Mr. Mongillo made a motion and it was seconded by Mr. Smith to approve the minutes. And Attorney Donofrio reported that he's been working on the [inaudible 01:03:49] application memorandum in preparation for the public hearing on September 26th.

And he also reported last month with consultants to discuss valuations related to various projects that we're working on. He decided due to the cost estimates and time constraints, he'd do the work himself.

So that'll be interesting. I'm sure it's getting a little expensive, but they approved an invoice of \$24,000 and change and assigned Member Campbell to the authority meeting and that's it.

Kevin:

All right. Thank you.

Suzanne:

Yep.

Kevin:

Okay. We have the next three months for committee assignments. And does anybody have any preference in October or? Yes, sir.

Mario:

I can do Consumer Affairs on the 21st?

Kevin:

All right. It's okay.

Catherine:

I can do the landings.

Kevin:

Okay, thank you. I can do finance and I'll do the Finance, Jen.

Jennifer:

Okay, thank you.

Kevin:

Did you have everybody else? Okay. And then November?

Mario:

[inaudible 01:05:21] 13 plan use?

Kevin:

All right.

Catherine:

So I could do any of them. Doesn't matter.

Kevin:

Do you want to do Finance this time? Next time [inaudible 01:05:36]?

Catherine:

In November? Yeah, I could do Finance.

Kevin:

Okay. I can do the Consumer Affairs.

Suzanne:

I can do [inaudible 01:05:43].

Kevin:

Okay.

Suzanne:

I'm trying to catch up with you guys.

Kevin:

All right, so Suzanne will do the Consumer Affairs. I can do Finance too if you want, [inaudible 01:05:50].

Catherine:

Actually, could we switch?

Kevin:

Sure.

Catherine:

I'm having some surgeries [inaudible 01:05:57] that [inaudible 01:05:58] be around on the fourth.

Kevin:

What would you like to do?

Catherine:

I can do the 18th. I can do-

Kevin:

Why don't you take the month off? Yeah, I'll do Finance on the fourth. All right, December. Mario?

Mario:

I'll do Finance.

Kevin:

All right. Mario will have Finance in December. I'm available for either one of those. So unless somebody has a preference on those?

Suzanne:

December 11th and December 16th. So I can do the 11th or [inaudible 01:06:37].

Kevin:

Okay. Do you want to do Consumer Affairs?

Suzanne:

Sure.

Kevin:

Okay. All right. And Suzanne will do Land Use on 11th. Thank you. Great.

Suzanne:

Okay.

Kevin:

So I think we'll have the... After these next updates, we'll take a break before we have our disposition application. So we have next business updates from Larry. Larry, any of this in executive session or is this all-

Larry:

No, we'll just... Other than what's in my board memo, I don't have anything outside of that. So Prem will give an update on CIS project.

Kevin:

Great.

Prem:

Okay. Thank you, Larry. Good afternoon everyone. So the CIS project, we've been doing pretty good in terms of where we are on the spend, starting from the top right. Our spend is at 9.4 million for the 16 million budget that was approved. Accomplishment wise, I think we have completed, successfully completed the integration system test one.

So what that means is we have tested the functionality of the UMAX solution itself. We are in the process of completing the ETL-6, what we call as visual validation, which means we are extracting the data for our next level testing IST-2. Well now, you're going to start testing connecting different systems.

So that leads into the activities that are in the current activities there. So the actual timeline for us to start that is 10/14. So we are progressing well in terms of our second test. This will be a full-blown end-to-end test as we say.

So the team is all excited about it to see things in action. Also in the current activities, we have started to look and deploy a tool as part of our OCM. It's called SnapComms. Basically what it means is we are able to push communication through various devices, whether it's laptop, iPads, iPhones, etc.

There's a good chance that some of our board members would also see some communication come out. This is, I think, again, a means of communicating more about the project, the benefits of the project to the overall employee population based on the audience. So that's going pretty well.

So we'll be doing some of the work in that space. Now, going on to the top right-hand corner, the [inaudible 01:08:57] risk and issues, there's not been any material change from the last meeting we had. The team is making progress. The good news, as we had mentioned, there's no rate impact.

We will be doing our rate increase as we have planned for in January and February. So that's good news over there for April go live. The last but not least, the next steps in the project, we are looking at beginning what we call as parallel bill testing.

So basically what that means is you are looking at developing bills in our existing current system and then you'll be looking parallel of the new system bills for the same period and compare side-by-side. It's called parallel testing.

So we'll be working on deploying that as part of ETL-7, which is going to be the next extract that we'll work on. That's the high-level updates. I have any questions from anybody?

Kevin:

Suzanne?

Suzanne:

Prem, thank you. Did I miss... Did we change or go to April go live in August? Did I miss that?

Prem:

Yes.

Suzanne:

Is that what happened?

Prem:

Yeah, that's what happened. So basically, we had looked at in terms of our go live dates, Suzanne, so what you have missed is if you remember, there was discussion of the three weeks that we are trying to catch up on our testing because of changes in the methodology.

So what we really did was we looked at the impact of that because of our rate change that we are actually planning for January. As you know, we are looking to put a rate increase, so we don't want to mix those two things up.

So the team had looked at in terms of what the impacts are. So basically with that three weeks extension, we looked at overall project, some of the resources have been spread and we spread the cost to make sure there's no budget impact.

So the long story short, you're right, we are looking at an April 2nd go live date and really looking at in terms of making sure there's no impact on our rate increase. So we will have a full clean billing cycle in March after the rate increase.

So we will be going right after that. So that's the plan and it also gives us enough opportunity for more training and some of the change management activities as well. So that was what we discussed in the last month. You're right.

Suzanne:

The second question is, as you're doing your testing and you begin your parallel testing, are you seeing a lot of error reports? Are you seeing what you expected to see as it relates to the testing of the system?

Prem:

Yes, we are seeing a lot of issues, but as you know, that is a whole plan of developing a good system. So we are trying to take care of the defects. We have a whole defects tracking for that. So we are trying to compare and contrast the parallel bill testing, though we haven't started that yet. That is in the next phase.

So that's in the next steps. What we are trying to do is that we are literally taking the billing cycles as if this... Generate the bills up a certain cycle in our current system and we are doing the same thing for the new system.

So now you can compare these two things side-by-side to see if the bills are looking almost the same, exactly the same. That's going to be part of our testing. So I do expect some issues to be there because obviously the data quality and obviously we are trying to get all the data from the production system.

But the idea is that we will be fixing those as we go towards our UAT testing. That's part of a regular testing cycle. So that's going to be happening as part of parallel bill testing. That's right.

Suzanne:

And then the testing you have done, the errors that you've seen, no problem getting them fixed? No...

Prem:

No. Actually, the way I would put it is we categorize defects as we say, SEV-1 to SEV-4 defects, severity one to severity four defects. Severity ones are the most critical where a big functionality piece of functionality is not working. SEV-2 is a part of, let's say you are trying to run a billing cycle.

There are some errors where it is still high priority, but certain parts of the function, the functionality can work. So long story short, we don't have any SEV-1 and SEV-2, which can tell you a story. So the overall functionality is pretty good.

We do have a bunch of severity three defects, but that's the part of the fixing and retesting as we do. This IST-2, the integration system test cycle two, actually connects various different systems too. So we'll be doing that testing as well. But the good news is there is no severity one and severity two defects at this point from a functionality perspective. So that's the good news.

Suzanne:

Last question for me. I noticed that you still have your go live date. Is it at-risk? Yellow on the top.

Prem:

So as we all know, many of the projects are like a melon. It's green on the outside, but it's red on the inside. But we are trying to be realistic about it. So the way we are monitoring the project, Suzanne, is there are still a lot of activities to be accomplished as far of the project.

So in terms of the actual go live date and where we are supposed to be in the milestone, we are okay, but there are still risks that we need to manage because of the go live in April. So we are looking at making sure that we are monitoring certain tasks, so we kept it as yellow in terms of the schedule, but that doesn't mean that we are behind or we are late in something.

We are monitoring risk. And the way that I look at it is that, as a matter of fact, we talked about it where at the completion of IST-2, our integration test would've been complete between systems. At that point, we might turn it into a green based on how the test completes and then after that, it's really preparing for the go live.

So I don't want to say that we need to be alarmed with the whole thing being yellow. The way that we look at is we are monitoring certain areas that we need to complete on time. So from now on until before the actual holidays. That's the IST-2 testing. That's why it's yellow.

Suzanne:

Okay. So in November, December, we should be able to confidently turn to green if we're confident?

Prem:

That's right. Yeah. Yeah. That's the plan.

David:

And then we advise [inaudible 01:15:14].

Prem:

Yes, that's right.

Kevin:

Catherine, did you have any question or?

Prem:

No.

Kevin:

No. Mario?

Mario:

Thank you, Prem, for the update.

Prem:

Thank you.

Mario:

If memory serves me right, the conversion to SAP, which was pre-Prem, it was some hiccups as far as maintaining the total number of customers. I think some of them disappeared into space and the initial conversions. And I think some people, we picked up even during the metering program, that it may have been one or two that we were able to get more information on. How do you check on making sure we don't lose anybody, any of our customers?

Prem:

So that's a great question, Mario, right? So there are many checks in the system. I would say data conversion. So we have nine ETLs, Extract Transform Loads. Basically we are extracting the data from SAP, right? And then we transform that in the new system and we load it in the new system and we compare the customer counts.

So literally, we count the customers, how many we have on this side and how many we have on the new system side. So every time we do an ETL conversion, we are getting closer and closer.

And the goal for us is that when we go through the whole ETL line, all conversions done and there's a go, no-go checklist before we turn the system on where the senior team is going to sit and look at all of these different criteria, how many defects do we have?

Are those manageable? How many customers did we change? Is it all good? How many bills have been produced? How many service orders have been produced? So there's whole list of criteria that we track as part of the go, no-go checklist.

And one of the biggest thing in there is the customer count, right? So to answer your question, we are going to make sure that the data is accurate and there are various criteria that we have actually put in place. For example, active customers versus inactive customers.

So we are looking at, when we convert the data and as part of the project requirement, we said we are going to bring in all open items, let's say open AR items that we have. So we may have a scenario where the customer is not active, but we actually have open AR so we bring them over. So that's all part of the validation, Mario, right?

So we are comparing apples to apples. The good news is what we are looking at at ETL-6, we already have 95% confirmation, right? As we are getting closer, there are certain scenarios where it's exceptional, where we might have handled this customer in a certain way in SAP and that gets spit out. And now we are trying to compare why that happened.

So we make the tweak, we put it in the ETL-7 the next one, and it gets the customer in. So it's almost like fine-tuning after fine-tuning, nine levels of fine-tuning. And then we are going to make a call. What is the kind of customer data that we have? We compare the customer count and bingo, we have a good plan there. So that's the idea. Hope that helps.

Mario:

And your bill parallel testing is going to be on the current rates. Do you plan to have one bill parallel testing once you've converted the rates in SAP just to make sure that that works too?

Prem:

Yes. There's not going to be a bill parallel test because you could imagine, right? Every time we do a parallel test, it's kind of almost three to four weeks exercise. But what we will be doing is that as part of our UAT user acceptance testing that will be happening in tail end of this IST-2, we will be comparing with the new rates.

As a matter of fact, Rochelle and I have been talking about even putting these new rates not only in SAP, but also the new UMAX system so we can actually test it out. So there will be a test, it's not really a bill parallel test, but there will be a test to make sure that those things are functional and operating the way it should operate.

And that's one of the reasons we also thought about this whole, we are making a rate change January and then there will be certain cycle that overlaps. So we want to really see a full clean bill cycle in SAP in March that will give us a confidence.

And when we actually trigger the ETL-9, that is the last extract, that's going to be after all the new rates are in place, which means now we're extracting all of those data. And you're going to be able to test. There will be a smoke test the week of the go live that we do where we'll be actually doing a cycle run too.

So you'll actually be seeing the data in action too before we turn on and give the system to the customer care and everybody else. So a lot of things in planning, but it's going to be covered.

Mario:

Thank you, sir.

Prem:

Thank you. Great questions.

Kevin:

Thank you, Prem.

Prem:

Thank you.

Kevin:

Did you have anything for your business update or did you wanted to highlight or do you want a question?

Larry:

On the business update, I do include a partnership that Sunny and I have been working on with Climate Haven. And Climate Haven is a startup lab that is spun out from Yale. And we are working with them to identify water technologies that can be used to improve the treatment of water distribution and other things like leak detection, for instance.

So a news release went out earlier this week announcing that partnership. So I haven't seen it picked up yet, but we are excited about that as the way to, I think, really get on the cutting edge of technology that will benefit the water industry.

Kevin:

Excellent.

Suzanne:

This was something that we had started working on a couple of years ago, a while, the bit after the Water Council, which is in Milwaukee, they started... It's been 10, 15 years ago, they started a water council that focused on water technology.

And it's gone from the executive director that was a volunteer, to having over 100 companies that are working in this water council center and they're focused on developing technology for the industry.

The problem is it doesn't ever seem to make it east. So when we talked to Yale, Josh Geballe, is the deputy Provost of Innovation at Yale, he was interested and excited about the project. We talked about whether it should be in Yale or whether Climate Haven was the place to put it.

He chairs that board as well and we decided to put it in Climate Haven since they're focused on new technology. So they have people right now that are working on PFAS. And so we're going to continue to do that, Sunny as a point of contact on that.

And we're excited about it. I think it has some potential for some great technology that we could use and perhaps even commercialize at some point. So it'll not only benefit the business, but something that we could commercialize.

Kevin:

Great. Thank you. Any questions?

Catherine:

I just want to say congratulations on the award for PFAS stuff.

Larry:

Yes. Phil had worked on that long and hard. That's-

Kevin:

That's great.

Larry:

... his baby.

Kevin:

And that's Phil, you said?

Speaker 13:

Yeah, Phil Vece.

Kevin:

Yeah.

Larry:

Yes, yes. So yes. Yeah. Thank you. I'll be sure and pass that on to him.

Kevin:

Yeah, that's excellent. Any other questions or comments? No. All right. Maybe we take a 10-minute recess before we go into the disposition. Say goodbye to Naomi or see you later. See you... See you later tonight at this time. So do we need a motion for recess? I'll just declare it recess. I'll declare it recess. We'll come back at [inaudible 01:23:33]. Thank you.

[BREAK FROM 1:51 P.M. TO 2:03 P.M.]

Kevin:

Thank you. Sunny, are you leading off on this-

Sunny:

Right.

Sunny:

So, let me just give a quick summary of this right here. So, pretty much it's Class III land that's in Seymour. It was [inaudible 00:00:30] Birmingham Utilities kind of inherited this problem. The [inaudible 00:00:37] reservoir is no longer in use, or was no longer in use, even when we acquired it. The land site is about 4.9 acres.

The town of Seymour approached us in 2023 and we were not using it for any purpose. It was Class III land. And the opportunity was right so we could just close it off, and it will be open space preservation. So it checks all the boxes. We did an appraisal some time in April 2024. The appraisal was \$55,000. Because it's less than 75,000, we don't need to do two, so that's why we did just one.

So I would say given all these variables, I think it makes sense to sell the land to the town of Seymour, as well as they have the first right of refusal, even when we actually go and sell the property, the state and the town gets to have the first right of refusal. So it checks all the boxes. It's the right thing to do. It'll save us almost [inaudible 00:01:39] maintenance included it's about [inaudible 00:01:47]

Mario:

And that would remain as open space, correct?

Sunny:

It remains as open space and it's founded by the town of Seymour and Oxford, Seymour Land Trust and the town of Oxford [inaudible 00:01:57]

Mario:

Oh, okay.

Catherine:

So it would've stayed an open space with us. Why did they want to bother spending \$55,000 [inaudible 00:02:09] lower their taxes or their [inaudible 00:02:12] receipts. That makes no sense.

Suzanne:

I have the same question.

Sunny:

Right, they're going to lose the pilot anyway, so I think [inaudible 00:02:17]

Catherine:

Why would they lose the pilot?

Sunny:

Because it's not going to be our property.

Catherine:

No, no, no, I understand that. But if we kept it-

Sunny:

Oh, they would get the pilot.

Catherine:

Right. So but they approached us-

Sunny:

They may be concerned that somebody else would buy it.

Catherine:

They have right of first refusal.

Sunny:

Yeah, they have a right of first refusal but someone else could come up. They have to beat whatever that person's price is. So the town stated that they're interested in adding this parcel to the adjacent acres that are kept as open space.

Mario:

Maybe they want the control over it, yeah.

Catherine:

Okay.

Mario:

The application said it was originally proposed as a possible tank site. [inaudible 00:03:03]

Sunny:

Before the Derby tank became [inaudible 00:03:08]

Mario:

Right.

Catherine:

Okay.

Sunny:

So we kept hold of the land.

Mario:

I can see that from the town's perspective, but not-

Catherine:

So that makes some sense. I'm just wondering if there was a plan to do something with this that we would like. But it seems like we have planned to do something that they [inaudible 00:03:25]

Kevin:

Mario [inaudible 00:03:29] who owns the dam? It's not us. It is not us.

Mario:

I'd have to really check on-

Kevin:

[inaudible 00:03:39] because it says the property [inaudible 00:03:48]-

Mario:

Correct, we do use [inaudible 00:03:50]

Kevin:

... the dam. If we own the dam, I don't want to get rid of the property.

Sunny:

No, I think we will get an easement to access it for sure, because typically that's what happens.  
[inaudible 00:04:03]

Kevin:

I understand but [inaudible 00:04:07] do construction on the dam that everyone, they forget about the easement and [inaudible 00:04:14] just start moving in equipment. So if we own the dam, we're responsible for the dam. Maybe they'll take that too for them and use this as a water supply.

Sunny:

We're not using it for water supply. Because it was actually even during the Birmingham Utilities [inaudible 00:04:30] water supply.

Kevin:

They decided not to-

Sunny:

We're not using it.

Kevin:

The map shows that a piece of the pipe was removed, so if we own the dam, I would be very hesitant to get rid of the property. The other question, it says Seymour approached us. I didn't see anything in there, like a letter from the town of Seymour that says, "Hey, we are interested in this." Is there actually something in writing or are they just kind of [inaudible 00:04:58]

Sunny:

[inaudible 00:04:58]

Kevin:

So how do we know that they're actually interested? I mean, I have no problem. I think the 55,000 is probably low but it's [inaudible 00:05:13]. Those are some questions I prefer to get responded to before we actually [inaudible 00:05:24].

Sunny:

Sure.

Kevin:

I'm sorry, I don't [inaudible 00:05:27]

Sunny:

No, that's a fair question.

Catherine:

I'd like to add one more. If we have to get an easement, what's the cost of the easement?

Kevin:

We should convey it, subject to the easement at the same price. Or maybe they disagree with that price if there's an easement there. So it would be, "Are they interested in the dam?" Is the first question. Would they take the dam too?

Suzanne:

No, the first question is who owns the dam, because we [inaudible 00:06:02]

Who owns the dam? Because if we don't, we don't need the easement.

Kevin:

Yeah, right.

Suzanne:

I think we probably do. [inaudible 00:06:12] the map [inaudible 00:06:15]. I was having trouble [inaudible 00:06:20]. So who owns it and if we own it, would they like to buy it? Or do we need it for some reason? And then if we're going to retain ownership of it, we need to have an easement.

Mario:

Right.

Catherine:

And is there any paper trail for [inaudible 00:06:39]

Kevin:

The town [inaudible 00:06:41]

Sunny:

[inaudible 00:06:42] question.

Kevin:

So these are really scrutinized by the RPB heavily. They're going to want to know all that. So those are great questions. [inaudible 00:06:56] application, so I think that it's probably 80 to 85 percent there. You just need that additional information.

Sunny:

Sure.

Kevin:

Yeah. That's a great question. Anybody else? So is there any urgency to this at all?

Sunny:

No, there is no urgency to this?

Kevin:

Okay. Motion to table and a second. Table to the October meeting, is there any discussion on that?  
Okay, all in favor?

Authority members:

Aye.

Kevin:

Aye. May I have a motion to go into the Commercial Business Committee?

Mario:

So moved.

Catherine:

Second.

Kevin:

Discussion, all in favor?

Authority members:

Aye.

[COMMERCIAL BUSINESS COMMITTEE MEETS FROM 2:10 P.M. TO 3:16 P.M.]

[COMPENSATION COMMITTEE MEETS FROM 3:16 P.M. TO 4:27 P.M.]

Kevin:

We are now back as the Authority. I wanted to Remind members of Derby Tank Dedication on Thursday, October 10th at 10:00 AM. Flyers are available, please RSVP to Jennifer or Kevin Watsey, on the flyer, if you'd like the to attend the Derby Tank Dedication. That is a long fought battle for that tank that you built there.

And reminder BoardPaq software is discontinuing and will transition to another software called Diligent. We are not impacted until February 26th 2025, at which time our subscription will be canceled. We will discuss this further when Jennifer has had a chance to speak with IT.

Kevin:

Anything else? I think that's it. All set to adjourn.

Catherine:

Mr. Chairman I would like to make a motion to adjourn the meeting.

Suzanne:

Second.

South Central Connecticut Regional Water Authority  
September 26, 2024

Kevin:

All in favor? Aye?

Authority members:

Aye.