

REPRESENTATIVE POLICY BOARD

JULY 25, 2024

MEETING TRANSCRIPTION

Bob:

Welcome, everyone. I'd like to start the July meeting of the Regional Water Representative Policy Board of South Central Connecticut Regional Water District. We're going to start with a safety moment. That is about the prevention of back injuries. Make sure you are lifting properly. Pay attention to your posture. Modify repetitive tasks. Strengthen your core muscles. Stretch regularly. Develop a healthy lifestyle.

So, thank you very much for that. Move on to public comment. I don't know if there's anyone here from the public, but we'll grant them three minutes to share anything they may want to share. Seeing none or hearing none, we'll move on to the approval of the minutes from our June 27th meeting.

Jay:

So moved.

Jamie:

I'll second it.

Bob:

Okay. Is there any discussion regarding the minutes from June? All those in favor then please say aye.

RPB members:

Aye.

Bob:

Any opposed? Any abstentions? You're approved. We'll move on to communications. I'll be looking for people to sit on the Nominating Committee for the Authority member and either reach out to Jennifer or myself. Also, the standing committee appointments are in the packets. And I don't think I'm going to read them off, but I would like to congratulate the chairs of each of the committees. That will be Vin Marino for Finance, Mark Levine for Land Use, and Naomi Campbell for Consumer Affairs.

The quarterly dashboard update is in the packets, also. I don't know if anyone had any questions regarding how we're doing. Moving on to items for consideration in action. I know there is the Representative Policy Board second quarter of 2024 compensation. I don't know if anyone has any comments or concerns, questions. If not, I'll take the motion to accept them as they've been presented.

Tom:

So moved. Tom Clifford.

Vin:

Second. Vin Marino.

Bob:

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Okay. Any discussion regarding the compensation matrix? All those in favor, please say aye.

RPB members:

Aye.

Bob:

Anyone opposed?

Vote so ordered. Thank you. We'll move on to reports. We'll do Finance Committee first.

Vin:

Yes. Thank you, Mr. Chairman. The Finance Committee met on Tuesday, July 9th at 5:00 PM. We reviewed the year-end financial report for the fiscal year ending on May 31st, 2024. We also reviewed the RPB dashboard metrics for the fiscal year 2024 fourth quarter. And we elected the chair, and I was elected for another year. And I want to thank the committee members for their confidence. And following that, we adjourned.

Our next meeting is Monday, August 12th, 2024 at 5:00 PM.

Bob:

Okay. Thank you, Vin. Move on to Land Use.

Peter:

Yes. Good evening, Mr. Chair. Can you hear me?

Bob:

Yes, I can.

Peter:

Okay. All right. So we had our regular meeting on July 10th, 5:30. Went through our safety moment, approval of minutes. We were at the Prospect Dam update. Larry Marzic and Cody Savoy, our engineers were there. Gave us great detail on the progress there. Mayor Bob was there from Prospect, appreciated that. John went over our WA properties, including invasive species update. There were no other items. We elected Mark Levine chair, and our next meeting is August 14th, 2024, at 5:30. Then we adjourned. Any questions?

Bob:

Thank you very much, Peter.

Peter:

You're welcome.

Bob:

Consumer Affairs? Mark? That for you?

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Mark:

Hi, how you doing? We met on July 22nd, and we had a presentation from [inaudible 00:05:51] on the survey that was taken. The customer satisfaction survey hadn't really been done since COVID. The COVID ones were different than the ones now. Basically the survey said we're doing well in our group, that we are ahead of many other utilities of our size and kind. It was very interesting. We met our goals that we wanted, but there is improvement in that they will do more improvement as it comes. Look for more improvement. It resulted to a 74.1% compared to pandemic, which was 70.9% positive gains, including water quality preservation has weight and protection of open space. Discussion took place about the person with the condominium association that has a bill with us. And Jeff said that they're in bankruptcy and that a deal has been reached between the RWA and the Bankruptcy Court, that they're expected to be approved by the Bankruptcy Court. And that looks like that's wrapping up. And our next meeting is Monday, August 19th at 2024. Any questions?

Oh, and Naomi Campbell was elected chairman.

Bob:

Okay. And on the executive committee we did have a meeting and we were filled in about some things that we'll hear about a little later, but it was a very good meeting. A lot of it was in the executive session. We'll move on to Authority and Management. David?

David:

Good evening, Mr. Chairman and members. Thank you. We had a significant meeting this afternoon, historic in some ways. And first item in the business however was our Pension and Benefit. So I see Catherine getting ready, our chair of that committee, to give a report.

Catherine:

Good evening, Mr. Chairman. The RPV, the Pension Benefit Committee did meet today. A lot on the agenda, so we kept it a little bit short. Morgan Stanley reviewed the quarterly performance for pension and the Viva plans. The market value is [inaudible 00:08:16] likely over last quarter. The return for the quarter ended June 30th, 2024, including the Viva and pension plans was reported at 0.83%, which is 0.86 percentage points lower than the actual early return for the quarter. And that would be 1.69% based upon our 6.75% annual rate of return. The period ending June 30th, 2024, returns reported at 5.68%, which is 2.30 percentage points higher than the actual return of 3.38% on these 0.75% annual rate of return. For the 12-month period from June 23 to June 24, the reported return was 11.15%. Which is 4.38 percentage points above the actual return of 6.75.

And just some points of comparisons. Over the five year, the return was approximately 6.10 over the [inaudible 00:09:41] eight years, 6.91. So one of the takeaways is that, based upon the long-term performance [inaudible 00:09:51] location is appropriate, is working. We're achieving over the long term our actuarially recommended return. The committee did have a discussion about looking at the changes with respect to employees getting older and more people, more money coming out of the pension fund. So in the future meetings, we're going to take a careful look at how we need to change the cash application to make sure that we meet our applications [inaudible 00:10:33]. In addition, Morgan Stanley discussed... Morgan Stanley's presentation on the 401k update, which is done on [inaudible 00:10:49]. The update included the investment options, asset values, and 401k plan initiatives and metrics. One of the things that I found interesting about the metrics that our consultant will be looking

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at in the future is working with our employees on retirement. [inaudible 00:11:12] Are there any questions?

No? Okay, thank you very much.

David:

Thank you. And we also, before I hand over to Larry for the business report, we also voted to send you an application for an issuance test rate for funding of our bonds for the capital program. For the year and a half from next year through the following year. And we also voted on sending you the application for the Blue Drop acquisition, which we've had discussions about. And that one we're requesting an expedited matter for the reasons we talked about in our session with you folks June 11th, I believe it was. So with very sobering and big stuff right now with regard to that and your responsibilities now. So with that, I will hand it over to Larry for the business report.

Larry:

Thank you, Mr. Borowy. Good evening, ladies and gentlemen. After one month of actual results through June 30th, operating revenues are under budget by \$912,000, due to total water revenues being under budget by \$926,000. Offset by other revenues, primarily jobbing being above budget by \$14,000. Operating and maintenance expenses are under budget by about \$898,000. And currently most of that, if not almost all of that is due to timing. That'll change throughout the year. But the good news is, when you do the puts and takes even this early in our fiscal year, we are projecting coverage of 117% with no shortfall compared to a budgeted coverage of 114%. And that projection is being positively impacted by the May 2024 bond refunding, the lowering of debt service, and the July acquisition of Safety Valve, and increasing our other commercial net revenues.

And as of July 15, raw water storage was at 93% compared to a long-term average of 85% for the same period last year. And with that, that concludes my report.

Stephen:

Larry. Just a question. You said operating expenses were down. Is that because the production has been less primarily?

Larry:

No, it's primarily driven by payroll. Because we have some headcount underruns and some IT maintenance fees lower by about \$165,000 due to timing.

Stephen:

With all the rate we've been getting, is the daily time production down? Are we seeing that?

Larry:

No. As a matter of fact, daily production so far on the month basis is up by about five and a quarter percent cumulative year, fiscal year to date. Or excuse me, fiscal year to date it is up by 4%.

Bob:

Okay, thank you.

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Stephen:

Well, that was more or less, my question is, we had a terrible summer last year. I know summer's over, but is basically the summary trending better than last summer? For sure?

Larry:

Yes, so far. I mean last year, last summer was a very wet summer for us, which followed us almost throughout the year, but we were able to make that up. This year we're having a warmer summer and there's been days where production has varied for the month, anywhere between 4%, like I said, all the way as low as just two and a half percent.

Stephen:

So just as a follow-up, if in fact the weather sort of maintains a normal pattern, where we have some hot days in August and dry days in August and whatever. On a normal basis, would you anticipate us running back to normal by years' end? What's your instinct? I know it's hard-

Larry:

It really depends on what happens the rest of the summer because we're still getting periodic rainfall. But we're still heading in a downward direction of about 1% year over year.

David:

Thank you for that. Thank you.

Bob:

Any other questions? Thank you. Okay.

Larry:

Thank you, everyone.

Bob:

So it sounds like we'll be having a review of this application for completeness. Vin, I don't know if you're prepared possibly to have a special meeting to help determine completeness.

Vin:

Yes. I believe that it was planning to be scheduled for the 31st. Jennifer can correct me if I'm wrong.

Jennifer:

Yes, July 31st.

David:

We appreciate it.

Bob:

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Yes. And I guess I can say anticipating that it's possibly going to be determined that it is complete, we're going to have to have a hearing. I sought interested persons and going to ask Tim Slocum to be the presiding member when and if we do have that hearing.

Tim:

Happy to do that.

Bob:

Thank you.

Tim:

[inaudible 00:17:20]

Bob:

Thank you. I think we're doing real well tonight. Jeff? [inaudible 00:17:32] OCA?

Jeff:

One thing I would like to say is this is the last meeting for Mr. Rescigno on the RPB, because he is no longer being a resident. [inaudible 00:17:49] He helped, and is primarily responsible for me applying be the OCA sixteen years ago when he invited me to the [inaudible 00:18:07] system because the sound keeps cutting in and out.

Bob:

Yes. Tony, we'd like to thank you for your service and hope everything goes well.

Tony:

Yes, this will be my last meeting. It's been a real pleasure working with everybody and watching this organization grow and be successful. So it's been a nice run and I hope I have the opportunity to run into you guys and ladies in the future. But thank you.

RPB Members:

Thank you. Thank you to Tony.

Tony:

It's only been 20 years, so...

Bob:

I am interested in the people interested in being on Nominating Committee for the Authority member. So if people would come forward please. And yes, they're showing their interest and I then pick who we can.

Yes?

Jamie:

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Bob, I'm available if you need me.

Bob:

Thank you.

Stephen:

Bob, who do we have coming up?

Bob:

I believe Suzanne.

Jeff:

[Inaudible 00:19:59].

Bob:

We usually have five.

Jeff:

Five?

Mark:

I'll do it Bob, too. If you want. Mark Levine.

Brian:

Bob, I'm also willing, I was curious. You say Suzanne's up, are we also doing an expansion or is that going to hold? Because I know when we changed the bylaws, we could go to an expansion.

Bob:

I don't have an answer for you, Brian. But you're right.

Naomi:

Wait, did you say Suzanne is off? Did you just say Suzanne is leaving the authority? Is that right?

Bob:

No, no. Her term will be ending. There's plenty [inaudible 00:20:30].

Catherine:

Okay.

Suzanne:

Is someone looking for me?

Catherine:

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Okay. All right. I'm glad I asked.

Suzanne:

I'm sorry. I keep hearing my, and I want to make sure you don't need me for something.

Bob:

No.

Suzanne:

So you're talking about my Authority position, but-

Bob:

We do need you for something, but...

Suzanne:

But not tonight.

Bob:

Correct.

Suzanne:

Very good. Thanks very much.

Bob:

Okay.

There's none other sharing or anything? I guess I can accept a motion to adjourn.

Tom:

So moved.

Brian:

I'll second.

Bob:

Okay. All those in favor, please say aye.

RPB Members:

Aye.