

REPRESENTATIVE POLICY BOARD

FINANCE COMMITTEE

MAY 8, 2023

MEETING TRANSCRIPTION

Tim:

I'm going to begin the Representative Policy Board Finance committee meeting of Monday, May 8th. And we're on Teams. This is a regular meeting.

So we start with our safety moment, which is somewhere up in this. Boy, I got Lucky. May is National Water Safety Month. It talks basically about water safety and practical advice for staying alive. It says nothing about making sure the water tastes good. I think that's very important. But it's water month, so it's safety month and we need them all year long. So that's it with that.

So we next move to the approval of the minutes for the meeting of April 10th, 2023 and the joint meeting with the Consumer Affairs Committee on April 17th, where we talked about the budget. We can do them as a group

Charles:

Will move them both.

Tim:

You'll move them both? Discussion, we need a second then some discussion. Tom, thank you Tom.

So any discussion on any of those minutes? I'm hearing none, I'll call for vote on those approvals. All those in favor? Aye.

Committee:

Aye.

Tim:

Okay. Motion carries unanimously. Okay. Now we're going to move along to consider an act on recommendations to the Representative Policy Board regarding the completeness mode and date of public hearing for the Authority's application for approval of the Derby Wellfield Chemical Improvements Project. Now this is essentially a motion on the table. We received information so that we had an opportunity to review this, but this isn't to my understanding a discussion about all of that. Am I correct on that, Jeff? This is basically a call for the public.

Jeff:

It's just a determination as to whether the application is complete within the rules of the RPB.

Tim:

Right, exactly. So I'll ask for, I guess we don't need a motion on that. We're just forwarding this recommendation.

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Jeff:

Well, you do, you need a motion.

Tim:

We do need to move it to the RPB, okay.

Jeff:

Yes.

Tim:

So I'll ask for a motion.

Charles:

I'll move it-

Vin:

Second.

Tim:

Okay, we have a second on the motion. Any further discussion? Okay, so I'll vote to move this along. All those in favor?

Committee:

Aye.

Tim:

Opposed? Motion carries unanimously. Okay. So now we move along to the discussion on proposed FY2024 capital and operating and maintenance budgets. The only thing I'll remind everybody, obviously we voted on the minutes of April 17th where Consumer Affairs met with Finance in a joint meeting for presentation of the budget by management. And we've all received the OCA's comments, which were pointed and directive and relatively, I would say very approving and complimentary. But is there anything to add? Is anything members would like to discuss further about the budget?

Charles:

I don't have anything specifically on the budget. Would we basically be using something somewhat similar to last year? Because we don't really approve the budget-

Tim:

No.

Charles:

... simply recommend no change.

Tim:

Exactly.

Charles:

... to that effect.

Tim:

And I think that Jeff sort of speaks to that in his memo that we do this cooperatively but really have no say in the matter. We're simply receiving this information from them. I think they take our questions and comments seriously. And as Jeff stated, I think, well, the relationship can only improve the way things move along and our concerns are hopefully addressed. And that I agree with you. We have nothing really to say other than to appreciate the presentation.

Charles:

Thank you for the information.

Tim:

Right. I guess that's what it is.

Rochelle:

I do think there's a resolution, right Jennifer? There is usually a resolution. that's drafted that goes to the RPB.

Jennifer:

No.

Rochelle:

No?

Tim:

I did not see one. I think it's somewhat perfunctory in a sense.

Charles:

A letter, there was specific wording on it. We went through a fairly lengthy discussion about the mechanic. When we came up with, there was a communication, I believe.

Jennifer:

There is a resolution for the RPB.

Tim:

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RPB.

Jennifer:

It was not submitted to the Finance Committee for approval.

Tim:

Right.

Jennifer:

I don't know why that is, but it was not in the past two years.

Tim:

Okay.

Rochelle:

No, that's probably what I'm thinking Jennifer.

Tim:

Yes.

Rochelle:

About the resolution.

Tim:

And Jennifer had also sent me the minutes, or maybe Mario had sent me the minutes and that seemed to be the case. And the RPB, I believe they've also had the presentation, we've had the presentation. Am I not correct? I mean the full RPB has had the presentation. I'm just wondering if this is essentially a last shot at talking about it.

Mario:

Tim, this is Mario.

Tim:

Hello Mario. Welcome.

Mario:

Yes, it would be a recommendation by yourself as the chair of Finance to try and collect the thoughts of the various members. Everyone has had an opportunity to review the budget and obviously thank management and the Authority for the presentations. And then if there's any concerns, I know Jeff raised some concerns in the long term. I mean in the short term, I think it's a very, very well done budget, but in the long term, just as we look at the growth of the capital program and possibly why it's

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going on so much, but that's more for a long-term concern and that's just if you wish to include something like that in your commentary.

Tim:

Well, with that said, Mario, I guess I just have to be prepared for that at our regular meeting of the RPB, correct? Or do you want it prepared and transmitted?

Mario:

I think if you put your thoughts together, Jennifer can have them available so you can make the motion.

Tim:

Okay. The motion to recognize that the budget has been reviewed essentially.

Rochelle:

Yes, I just want to add, the Authority won't actually approve the budget until after the RPB meeting to make sure that any comments are heard and recognized before the final approval of the budget.

Tim:

Okay. Then I guess I'll ask this, will the Finance Committee accept the fact that I put together a few comments? I could share it with you if you'd like before and then I'll just bring it with me to our meeting. Is that reasonable?

Charles:

Yes, I would support that and to Mario's point, if you want to include some of Jeff's commentary regarding the long-term situation.

Tim:

Sure.

Charles:

That would be fine.

Tim:

Okay. I know one of my comments, which it's always a concern to me that there's declining consumption and yet the penny a gallon is the target. And I think water should be treated well, obviously has to be treated, but I think it should be looked upon as something that has more value than it does.

I guess that's how I see it. And I think it's not just an expense problem. We have a revenue problem because we undervalue what we're doing. I don't know how to put that into plainer language, but maybe the regulatory bodies don't think along those lines. But you look at the electric companies and the gas companies having to raise the price of gas because of all the emergency and petroleum because of supply issues, supply and demand. We don't function on any kind of a supply and demand format and

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we just have demand and huge maintenance costs. And I just don't understand why that doesn't factor into some of these calculations. I don't know if it ever could or should, but what do you guys think about that? I just think it's a problem long term, especially as we face really big things coming down the line.

Charles:

Well, I understand where you're coming from. I mean, it's utility just as important as fuel and electricity and that type of thing. The issue becomes we are unique because of our enabling legislation and we're not buying water and that's a commodity. We're actually in the business of maintaining and ensuring that the water is good and delivering it. Yes. Is it a value to our customers? I agree with you, but I don't know if we could just arbitrarily raise the prices because the market demand or something like that. I mean, I don't think that'll fly right now.

Tim:

But we do make a rate case and I guess that's what I'm talking about. Doesn't this somehow have to factor perhaps into future rate cases. I don't know. I think some-

Charles:

Absolutely.

Tim:

More ears should be in on the conversation. Yeah, that's all I, because I just think I realize there's enabling legislation and there's this, that and the other thing, but I don't know how it works with other water utilities. If they factor in raising their rates based on valuing their water higher is strictly a bottom line. We need this for capital, we need this for operations, blah, blah, blah, blah, blah.

Charles:

To your point, Tim, the time for that discussion is during the rate application.

Tim:

Which is fine.

Charles:

And then if that were to change or something philosophically were to change, then that would affect the budget situation. But for the budget, I don't think there's anything that we could put in a letter of advice along those lines at this point in time.

Tim:

No.

Rochelle:

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If I can just clarify a couple things. So currently we have a very prescribed way that we have to submit those rate applications, I just want to mention that. But I do think, Tim, to your point, I mean we do try through our communications to even with customers to compare water and the value of water compared to electric and even cable and some other things. Because I would tend to agree with you, I don't think the value is necessarily fully recognized.

Tim:

Well, I think, I guess my particular concern is that consumption goes down and down, but your operating costs, they do not go down. So you just have a nexus that isn't a nexus, it's a divergent path. And so if it has to be discussed in a rate case scenario, that's fine. But if you look at Jeff's memo, he notes how things relate to our three year rate case and how this is a positive and this is worked out fortunately, things of that nature. So certainly the rate case is a preamble to how you set up your budgets because you're already sort of factoring in a case to be made for how you're going to spend your money. So to me, they're very interrelated and if it's too late to talk about it now, that's fine, but we better be sharp on the next conversation, at least in my estimation.

Mario:

I think, Tim, also don't lose sight of the 10 year model and the information that you'd like to see in the 10 year model, and that's another good time for that discussion.

Tim:

That's fine.

Mario:

There will be a better time for that discussion-

Tim:

Fine.

Mario:

... the rate case has been prepared and is before the RPB.

Tim:

Okay. That's all well and good. I'm hearing now, I figured I'd mention it now, so it could be on our radar for later when we can make a case, then I think that's fine. I will not include it in our comments. I guess that's the recommendation of the group, correct?

Charles:

That's my understanding at this point in time.

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Tim:

That's fine. Terrific. Anyone else? So I'll put together something and convey it to you guys. And I guess absent a vote, I'll just have to go in there and get the vote from everybody on the motion if that's okay to accept, I guess. It's basically to accept, is that correct, Jeff? It's a motion to accept or just be advised that?

Jeff:

Well, you don't have any jurisdiction at the RPB level to approve or accept anything. It's in the past, it's just been communicated to management that the budget's been reviewed and sometimes it's been a budget letter that's come from the RPB expressing thoughts on the budget. So it's really just passing along whatever the consensus of the committee is.

Tim:

So generally I will be passing along positive reviews based on the presentation, which I think was very complete and easy to understand. I think all of us were complimentary of their PowerPoint and backdrop provided for any presentation they made and any questions we had. So they certainly do a great job with that. So that'll be what happens. Okay?

Charles:

Okay.

Tim:

So with that, if all are happy, I'm going to move along to reminding Jay that his attendance at the Authority meeting of May 25th, 2023 has been prescribed. Any new business before us? Is Jay here today?

Jennifer:

No.

Tim:

We'll have to send him a reminder.

Charles:

You better send him a reminder, Jen or something.

Jennifer:

Yes.

Tim:

Rochelle, did you have something, I saw.

Rochelle:

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Yes. I just wanted to let the committee know that we did get the proposal from CLA. So if you'd like, we can send that on and then you'll have time to review it and then we can talk about it at the next meeting.

Tim:

Okay.

Charles:

Are you happy with it?

Rochelle:

I am.

Charles:

Okay. No surprises there.

Tim:

So you're going to pass it along?

Rochelle:

Yes, if you like. Yes.

Tim:

Okay. I think that's good. I think that's perfect. Okay. Anything else anyone want needs to add? Okay.

Mario:

Tim?

Tim:

Yes sir.

Mario:

If it fits in your June agenda, I think Jeff is still looking to do the kind of refresher on different training aspects of being the board member for the June agenda. I know you just added an item from Michelle to discuss.

Tim:

Right. I had a question about the use of the word refresher. I thought all of this was just sort of to get us back to certain ethical standards or things like that. Am I not correct on that? I thought when we began talking about this, this was just to-

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Mario:

Well, the only reason I use the term refresher is that many people have, because of their activeness, if you will, on various town boards and commissions and their other lives outside the RPB probably received some sort of training on FOIA.

Tim:

Right.

Mario:

Forum on roles and responsibilities. So that's why I say it's almost a refresher for some people.

Tim:

Sure.

Mario:

It would be new. We haven't done it in the 10 or so years that I've been in the RPB and we don't do it as part of the initial training.

Tim:

No, exactly. So you're suggesting that we put this on the agenda for the Finance Committee for June, and this would be my question, is this for the members of the finance committee to basically get this refresher? Or to structure what we think it should be?

Mario:

All the RPB? It is for each and it would be done in each session rather than doing one large session.

Tim:

Good. Okay. So essentially this'll capture the members of the Finance Committee, basically to get an update from Jeff.

Mario:

You could attend the Finance Committee meeting or you could attend a different committee.

Tim:

Okay. That makes it clearer. I know we did absolutely discuss this on the Executive Committee, so I think it's a good idea.

Charles:

Can I ask Jeff a question?

Jeff:

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Yes.

Charles:

I just wanted to double check. Will you be getting into the use of personal emails in water and committee work?

Jeff:

Yes. What Mario and I talked about covering was FOIA, confidentiality, ethics, corporate governance, kind of rules and procedures of the RPB. So under the FOIA category. Yeah, I'll talk about personal email and what constitutes a meeting and what is required to be disclosed under FOIA.

Tim:

Something else, Jeff, I know when we receive our notices, our privileged password, to be able to read something that comes before us that's confidential, and then we have to say we did it and we're sent a form to sign that says we're going to keep it confidential. There's elements of that signature process that leave me a little puzzled and I do it and send it back and hope it matches what everybody else does. So maybe we could take a look at that. You could take a look at what we receive and just say, yeah, this is how, obviously you sign your name and you say you're going to keep it confidential, but it wants to know your political party, which I understand, but it also wants to know what you're representing and that kind of thing. And that might leave some of us a bit confused.

Jeff:

I don't think it's asking about political party, when it says affiliation-

Tim:

It says party.

Jeff:

No, it says affiliation. It says affiliation.

Tim:

It said party on the one I signed today.

Jeff:

Really?

Jennifer:

It does say party, but I don't think it means like your political party.

Jeff:

Right, no, it doesn't ask you about political party.

Jennifer:

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No.

Tim:

Well, to me, the word party, if it's not fun, you have to say what you are. So I just didn't know. So if that means you leave it blank or you just put in going to another party, that's fine by me. I don't care. But I do think if we could just put one up there that's unsigned and we just get a little primer on how to do that.

Jeff:

We better change the word party. Yeah.

Tim:

Yeah. Well, party seems strange to me because to me, a party is a party.

Charles:

It could also mean another person in a transaction too.

Mario:

Right.

Charles:

Yes. Okay.

Tim:

We'll take it up because you've already signed your name-

Charles:

That's why we have the experts.

Tim:

That's right. That's right. And that's why I admit I'm no expert.

Jeff:

All questions will be fair game.

Tim:

Terrific. Okay. Anyone else have anything? Mario, thank you for that. We'll make sure Jennifer gets that on the agenda. And I guess we probably would put that toward the end of the session if there's any... Do you know what else would be coming up? It's June, will there be any big updates? It's not the end of a quarter. That's July, right?

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Rochelle:

I think the capital, RPB approved capital programs. Jennifer, I think that's on the May agenda. Right?

Jennifer:

I'll have to go back and check, but that might be it. But that doesn't take too long.

Rochelle:

Yes, that doesn't.

Tim:

Okay. Well it's probably better to set this at the end of the agenda. Okay.

Charles:

What are we talking, maybe a half hour at the most, Jeff?

Jeff:

Well, it really depends on questions. I can get through my part of it in a half an hour, but if you guys have questions that'll take a little longer.

Tim:

I think it'll be pretty straightforward.

Mario:

I was figuring, five minutes roughly, give or take.

Tim:

It shouldn't be a big deal. Perfect. We'll get it done Jennifer, and I'll figure it all out and we'll get it out so everyone gets it.

Charles:

45 minutes will be one of your longer meetings, Tim.

Tim:

I know. I tried to make it an hour today, but you guys cut me off.

Charles:

You're too official.

Tim:

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Okay. I guess I will note that our next meeting is scheduled for June 12th and we'll do it again by teams. So see you again. If there's no other business, I'll call for a motion to adjourn. [inaudible 00:26:10]

Thank you much. All those in favor.

Committee:

Aye.