

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

FEBRUARY 22, 2024

MEETING TRANSCRIPTION

David:

I'll call the meeting of the Regional Water Authority to order. First item on the agenda is the Safety moment and it is a good time to remember that it is [inaudible 00:00:12] seriously. And make sure that if you haven't [inaudible 00:00:17] it's still worthwhile because there's still plenty of time there. You could get it. Public comment. Is anybody here from the public?

Jennifer:

No.

David:

You don't see anybody online? Okay, then I will request that we recess as the Authority and meet as the Audit-Risk Committee.

Kevin:

So moved.

Mario:

Second.

David:

All those in favor signal by saying aye.

Authority members:

Aye.

Mario:

Okay, thank you. Catherine, it's all yours.

[AUDIT RISK COMMITTEE MEETS FROM 12:31 P.M. TO 12:37 P.M.]

David:

Thank you. All right, so we're back to the Authority now. I'll take a motion to recess as the Authority and meet as the Pension and Benefit Committee?

Kevin:

So moved.

Mario:

Second.

David:

All those in favor signify by saying aye.

Authority members:

Aye.

[PENSION & BENEFIT COMMITTEE MEETS FROM 12:37 P.M. TO 1:00 P.M.]

David:

We are back as the Authority. Thank you. The consent calendar is the next item. Are there any questions on any of these items for clarification? Seeing none.

Suzanne:

I'll make a motion to approve the consent agenda as presented.

Catherine:

Second.

David:

Thank you and seconded by Catherine. Seeing that you had no questions and nothing you want to pull off. All those in favor signify by saying aye.

Authority members:

Aye.

David:

Unanimously. I would note just in the aging accounts, we are at the lowest number I have seen at 16 million and I can't remember when.

Larry:

Pre-pandemic.

David:

Sure.

Larry:

That's been a target and Prem has made that a priority and has put together a team within the Customer Care Department to really focus on that. So that effort is paying off. He and Rochelle collaborate regularly on that to make sure that we are doing all the right things.

It used to mean we could tell with New Haven when it was part of the building, it spiked up, but it all washes out fairly evenly now. All right.

Catherine:

If I could just do one more thing on that. I'd like to manage expectations. I'm assuming that we've already dealt with most of the low-hanging fruit, so the we're now dealing with more difficult receivables that may be harder to collect.

Larry:

And we're prioritizing those that are truly having financial hardships. We are working with them, making available our financial assistance plan or the Lee Watt plan. Which gives them up to a \$1,000 in help. So you're right, we've got the ones that were easy and we're going after the larger accounts that are longer past due, which is always more difficult to define. So you're right on that standpoint.

David:

Right. Any other comments? All right, move on to Finance. Consider an act on a resolution for the official statement for some rebonding. A portion of the thirty-seventh series.

Rochelle:

So this will be the thirty-seventh B-1. So you might recall that you previously authorized the actual refunding up to 12 million, but the market really was not favorable. So right now the market's still favorable, so we want to move forward and this would be the authorization to, the official statement is currently in draft.

David:

Okay. What's your pleasure folks? Will we approve this? Make a motion to approve?

Mario:

So moved.

David:

All right, Mario, was there a second?

Catherine:

Second.

David:

All right, any discussion, questions?

Suzanne:

Yes, I just would like to ask. So do we have a quantified benefit to it?

Rochelle:

It is changing based on the market right now. It's approximately over the entire life. It's approximately 700,000, but it's still worthwhile to do. It's meeting our requirements and that's all in incorporating cost of issuance and such. But the final number on the market and we won't forward it. The market is not favorable.

Suzanne:

Okay, so your estimate of the 700 is a net number, right? Net of costs to do it all?

Rochelle:

Right.

Suzanne:

I'm sorry, I didn't hear the answer.

David:

Yes, yes, she said yes.

Suzanne:

Okay, thank you.

Mario:

This resets the prior authorization?

Rochelle:

So you already authorize the refunding, this is authorizing the official statement.

David:

Any comments? Sensing you are ready to vote? All those in favor signify by saying aye.

Authority members:

Aye.

David:

Passage unanimous. And at the earliest time I can ever remember in a meeting, we are at the business updates. You want to take a break?

Larry:

No.

David:

Right, because we had some heavy items coming up. Did we tell the PFAS people a certain time?

Sunny:

2:00 to 3:00.

David:

Okay, well we'll flip things around a little bit probably. Okay. All right.

Jennifer:

We can call earlier.

David:

Oh, all right. Okay. All right. Well Larry, do you want to-

Larry:

Okay, well I'll have Prem to do the RWAY CIS update first and then I'll just touch on a couple of items that are in addition to my board memo.

Prem:

Excellent, thank you. Thank you, Larry. I'd like to start off saying I don't have great news, but I have some good and bad news, but we are in the process of going through some of the negotiation stuff, so very much of a highlight. So I'm going to start from left to right. Please stop me if you have any questions. We actually have done quite a bit of accomplishment in the past. I would say several weeks. One of the key ones was the closure for the design phase. That happened literally last week. And then we also have worked through what we call ETL. Basically you extract the data, transform and load the data into the new system. So that actually is well underway. There's some visual validation that will begin in March 11th time. So we are kind of keeping track on the accomplishment side. A couple of things I'm going from left to

So on the decision risk and issues, I'll come to the cost. There's a whole separate slide for that. So we'll talk about it for the decision risk and issues. A couple of good things that are in play. We have been working on what we call as omni-channel. If you remember me mentioning by doing the whole Omni-channel decision. We have a cost of audience of \$2 million for an IVR replacement project. So that's a big plus from an RWA perspective. Customer experience, this is one of the things that I believe the board would need to be aware. As with every technology project, there is a whole system underlying change that's happening. And basically, if you remember, we have a e-bill, e-pay goal as part of our strategic goal.

But what's going to happen when we go live with the project, we will be actually turning, for example, all of these e-pay customers would be having their credit card information stored in a system called Kubra today.

So a very high level. So we are going to be changing that to a payment system. And as you know with the compliance, there is no transferable data of these credit card information. We are PCA compliant. So the customers would have to re-register themselves with a PIN number. It is going to be a much improved and easier transfer, if you will. And this happens with every technology project. So what's going to happen is that we are working on a whole communication plan to let the customers know that this is coming. Why this is important is because of the goal. We have forty-two percent of e-bill we set by FY'-twenty-five. So there'll be an impact while we try to work through the game plan. That's the risk and the decision that's based off of the whole technology project. We'll be monitoring that. The team has done a very good job.

We fully have a whole change management plan. We are expecting to be better. We have some examples of other companies that have dealt with this and they have seen incremental improvements on their numbers. So we are hoping to have the same effect here. So it doesn't have to be negative. It could be a very positive too. So something to keep track. Other risk item we had was working through a new RWA logo. That's some work and we don't want to be distractive for the project. So we made a

decision and a key risk item that we will be looking at that after the project is live. So that's something that we are kind of putting through as part of our decision-making other things in here. There are some, I mean we'll talk about the schedule and cost delay.

I'll spend some time on that in the next slide. And then obviously the next steps, there's still some work going on in terms of our testing plan, et cetera. So we're kind of putting that through. So going into the cost and schedule delays, I think that's the meat of this discussion. As you all know, we talked about a delay in terms of our go live dates cost by our vendor partner. Basically we talked about a September go live. Remember when we kicked off the project, we're looking at a December go live based on the recast. And in terms of the impacts, there was cost from a vendor perspective, some of the ETLs that were delayed because of resource changes on their side. So what you see here, I'm going to go from left to right again. We kind of broke down the cost at a very high level to kind of understand where are these impacts because of this delay.

So what you see in the first column is basically the categorization at a very high level on the cost. The second column is our budget or estimate. If you remember, we have approved a project for 14.8 million. So that ties into that number right there in the second column. The third one is our revised forecast. Based on the discussions and the details that we have gone through for December go live, we also went ahead and said, okay, December go live. What happens if it's going to get pushed further for whatever reasons to march? So I've asked the team to look at what does it mean or what does it look like if it's March? So you also have that, not to mention it's not the planned go live date, but we do have the data right behind it. So now going into a little bit of more detail, if you see the columns, I would like to highlight a few things.

The itineraries, the first one that you see in the first row that you have, that's our vendor partner cost. As you see, the numbers are not waveringly high with the revised forecast, but one thing I would mention is that it's a kind of a negotiation because when we started having conversations with them, their perspective was that we are going to have an additional three months worth of work and that entails another \$840,000 in terms of change requests. From their perspective, as you all heard from me last time, I've been giving a lot of pushback on the delays of what they've been kind of really putting us through. So we have been having open conversations now and our partner has been negotiating. So the point of view is that we are telling them we don't owe you anything. So the \$840,000 we don't owe you because you cost a delay.

But on top of it, we are also asking them to pay us a million dollars because of the delay on our site. What that means is if you look at the numbers, very high level, couple of things that will stand out. The RWA number that you see here, that the row three there, that's our internal payroll and our cost from our resource perspective. So we went from 6.66 million to 8.3 based on the three months delay because of all the costs that we need to, mostly it is internal labor, payroll and also some consulting costs that are in there because of need of the PMO and other things we have there. So that's a very big pool there. Third party vendor integration costs. Basically, because of the delay, there are some adjustment we have to pay incremental costs for SAP to be sunset, for example, for a couple more months.

So there are costs like that. So there's \$203,000 additional cost that has been incurred for that purpose. Data migration costs. When you look at data migration, this is basically, our cost on extracting the data from SAP because that's our job. So we got to provide them the data. So that's kind of almost in the same tab. So it's actually slightly lower. Other costs and development that we have, it also have been estimated that we are going to be a little lower than we planned for. So that's a good thing. Last but not least, based on the reserve, we had the change request. So this is kind of the dollars that when we shot out the product in fiscal 23, we have put some dollars in the reserve because of the stock there were

seven \$30,000. So puts some takes there. What we said is we don't want to give away the entire reserve.

So because we will have some change requests as we are trying to go through other phases of the project. So the team actually came back with saying we would retain at least a half a million dollars for any circumstances that we may have. Why we don't want to increase our scope or anything like that. We do have to have some reserve monies in there. So when I do all the math in here, when you look at the numbers, we were going from 14.8 million to a 15.8 0.82 million, which is a million and \$2,000. But if you look at those numbers, half a million of that is actually not a money that's spent yet, the results. So we are keeping it in a buffer and then we are actually asking them for the entire million dollars, which is the 7% variance you see here. So there's active negotiations going on and that is on top of them absorbing the \$840,000.

So that's the discussion. But that being said, it's been happening at a very senior level. We don't want the product to be disturbed at the lower level. So the team is working through their project details and trying to keep the product on tap. But my expectation is that I would say in the next couple of weeks we probably would have a closure. There are a couple things that are interesting in the conversation where while they believe that we might owe them \$840,000, there are specific things in the contract that was laid out of the delays. So they are actually kind of almost at a point where they have to incur some of these costs of the delays. So we don't have a full blown discussion to complete this, but I expect that to come to conclusion in the next couple of weeks. So that's the high level and then I don't want to go through the other plus three months because it is there. Unless there's any question, we can talk about that. So those are some highlights and I'm opening up for questions.

David:

Before answering any questions, we should go into executive session to discuss financial information. Inviting those present, all executive team members, and the RPB member.

Suzanne:

I'll make that motion.

Mario:

Second.

David:

All those in favor you have by saying aye. Aye.

Authority members:

Aye.

[EXECUTIVE SESSION FROM 1:20 P.M. TO 1:37 P.M.]

Larry:

Last year as part of it. This is our 175th anniversary as an organization and we thought we would update the logos. As you know, it's just two dashes. Update it to be more of an environmental services, utility environmental services field. So air, water, soil. We've been working on a couple of iterations to change that for rollout sometime this year. We've done two focus groups. One an internal group, one an

external group. They didn't like the first round of suggested logo change, so now we're back to the drawing board. But because it will have an impact on the CIS project, we said, "Let's slow down on that and we'll roll it out. We'll make sure it doesn't impact CIS." It'll probably be after it goes live, so it doesn't impact the schedule. But we were going to show you when we had something and we went through the focus groups. So it's yet to come.

David:

Questions or comments? All right. Prem, thank you. Rochelle, thank you.

Prem:

Thank you.

David:

Now for the rest of your business highlights.

Larry:

Just a couple of things. I'd like to mention is that our enabling legislation was well received in the committee, I think it's planning and development. The chair of the committee, I believe she's the sponsor, liked the changes we were making. Didn't have any objections to it. It has now been assigned an official number in the committee. It's House Bill 5277. So that bill, it'll be scheduled for a public hearing sometime in the next few weeks. So that's good news. So, so far, no severe oppositions. And the other thing is, you may recall that in December, we reported that we were going to launch as our new delivering service excellence training, which is essentially setting standards in the organization for both how you deal with internal customers, each other, handoffs, as well as dealing with external customers. And those standards will include things like how quickly do you respond to an email, how quickly do you return a phone call or voicemail. And the process of handing off either a call or a problem from one department to another.

So we're going to be starting company-wide training at the end of February and that'll go through March. And the goal there is to have a 100% of the employees trained in this delivering service excellence standards. And that will be something that we will be giving all new employees joining the organization and it will be an annual refresher. Our two employees that have training responsibilities, one in HR and one in customer care department, will be trained to get the training going forward so that they can pick it up and give it to new employees, and have the annual refresher for employees. I attended the first session, so it's everybody from the top down to the bottom of the organization and it was well done by Moran Consulting, and Prem and Phil Vece had been leading that effort to get Moran Consulting on board and working with them on developing a program that addresses the six point plan that we rolled out a few years ago.

So that was a highlight that I wanted to mention as well as the enabling legislation. I was going to talk about the rating agencies, but we already had that discussion.

David:

Any other questions or comments regarding the board report?

Larry:

Anything you want to add on the rating agencies, Rochelle, we talked about?



Rochelle:

No, I think you covered it.

Larry:

Okay.

David:

Thank you.

Mario:

I know some time ago, there was went out for qualifications for officers to join the force and you were going through the testing and interview process. Do you know if you've brought on any more since last fall?

Sunny:

Yeah, I can update that.

Larry:

Yes, go ahead.

Sunny:

I think we have made provisional offers and it's in the final stage of background verifications. So they should, if they all go through, we should have them on pretty soon. It could be in the next month or two.

David:

Great, thank you. All right. Then just so you know what my plan is to do reports to RPB committees, then take a break until 2:00 and that way we can have the attorneys join. So let's go to report to the committees and finance. Kevin, you attended finance really for a dual reason?

Kevin:

I did. Well, the primary reason for the attendance was to see if there was any questions or to give any a little bit more background or context to the commercial business strategy. Larry and Rochelle gave a great update to that and I was a little bit surprised that there was very little questions and very little comments. I was expecting to have at least a few questions and maybe give more of the historical overview or higher level overview of how long ago we started this process with the enabling legislation changes and moving it forward, and what we need to do in order to make it worthwhile. And there was not really any discussion after. Did you have any question? Was there any question?

Larry:

There were no questions that I recall.

Tim:

I was at the executive meeting-

Kevin:

Yes, okay.

Tim:

Where many questions were asked.

Kevin:

Yes, yes.

Tim:

I guess I was the only curious one in the room.

Kevin:

Yes, there was a lot of questions there and there was some other members with the RPB that attended this meeting, but they also did not ask any questions.

David:

So the anticipation for this coming meeting would be that it's different members of the RPB that you folks will be talking to?

Kevin:

Land Use and Consumer.

David:

Right, okay.

Kevin:

The presentation is a little different than the Executive Committee presentation just based on some-

Larry:

Yes, we've shortened it up a little bit.

Kevin:

It was pretty long. The Executive Committee was pretty long. So yes.

David:

Okay, thank you. And on Valentine's Day, Catherine had a meeting at Lake Whitney Treatment Plant?

Catherine:

Yes. Did have the meeting at the Lake Whitney Treatment Plant, which was very interesting. Started with my being late and a lot of complaints that there were no flowers or candy or heart shaped pizza. But John Triana gave his usual comprehensive report and somebody, might've been me, congratulated the RWA on receiving a grant from U.S. Forest Service.

Kevin:

It must be.

Catherine:

It might've been, yeah. Free money is good money. But most of the meeting was a fascinating tour of this plant. It was amazing. I've never been there before. Somebody said he was going to show it to me, but hasn't gotten around to it.

Kevin:

Probably me.

Catherine:

This amazing structure, it's fascinating. That was the meeting. It was well worth by Valentine's Day evening.

David:

Okay, thank you for sharing, Catherine. The next meeting is Consumer Affairs next Monday. So we'll hear about that meeting and that's remote. All right, with that, let's take a break now. Remember, this clock is a little bit fast. Let's take a break until just 2:00, and that way, we'll get the lawyers on and we'll deal with the PFAS action next. Okay?

[BREAK FROM 1:45 P.M. TO 2:00 P.M.]

David:

All right we will call the meeting back to order. It's just 2 o'clock, and we are at the Item I - possible consideration of action regarding PFAS. Motion to accept the vote. Thank you. Yes.

Catherine:

I move that we are go into executive section, to discuss pending litigation under CGS section 1-200(6)(B).

David:

Right, is there a second?

Kevin:

Second.

David:

All those in favor, signal out by saying, aye.

Authority members:

Aye.

David:

It passes unanimous.

[EXECUTIVE SESSION FROM 2:00 P.M. TO 2:24 P.M.]

David:

The Strategic Planning Committee is next on the agenda. And I texted Suzanne and that was what she was nodding I think to reply because then Tim can stay for that. And then when we do the application we'll do that last. If that's all right. I'll ask for us to recess as the Authority and meet as the Strategic Planning Committee. Is there a second?

Kevin:

Second.

David:

All those in favor say aye.

Authority members:

Aye.

David:

Suzanne, it's all yours. Thank you.

[STRATEGIC PLANNING COMMITTEE MEETS FROM 2:22 P.M. TO 3:14 P.M.]

David:

Thanks. For our last item, item J, presentation of potential acquisition application to the RPB. Since this involves commercial and financial information, I will ask that we go in executive session inviting members and the senior executive team.

Mario:

So moved.

David:

Is there a second?

Kevin:

I'll second.

David:

All those in favor signify by saying aye.

Authority members:

Aye.

David:

We'll give a minute to get things settled.

[EXECUTIVE SESSION FROM 3:15 P.M. TO 4:35 P.M.]

David:

What's your pleasure on the motions regarding the Application to the RPB for that acquisition [inaudible 00:00:14]?

Catherine:

Mr. Chairman, I move approval of all of the resolutions.

David:

Related to the acquisition?

Catherine:

Let us say... Okay. So the RPB Application Memorandum, Resolutions, Target Three, and maybe Confidential Resolution. Three. And the Protective Order [inaudible 00:00:50].

David:

Is that it? Rochelle?

Rochelle:

No.

David:

Oh, she just keeping a checklist.

Rochelle:

Financing. There's a motion, motion for Protective Order.

David:

Yes. And anything else that's necessary to deduct that application that you might have left out? Is that the motion? Is there a second? I like it.

Suzanne:

Second.

David:

Second. Thank you. Any further discussion that's available in public, Mario?

Mario:

Friendly amendment that it'd be the Application be adjusted per the discussions in executive session to just enhance some of the information.

David:

Yes.

Mario:

Prior submittal, if you are willing to accept that.

Catherine:

I accept your friendly amendment.

David:

Yeah, that's part to the motion.

Kevin:

I'm just going on the record. I'm putting it on the record that I am in favor of, in favor of it for the reasons discussed in executive session in the courts with the presentation and the other discussions. Thank you.

Suzanne:

Yes. And did somebody accept the second accept, the friendly amendment as well?

David:

Yes, Catherine did. Okay. Thank you.

Suzanne:

You.

David:

Catherine made the motion. You second on this. I'll second the friendly amendment. And you agreed that that was part of the motion. So it is. Thank you. Thank you. Any further discussion seeing none and sensing you're ready to vote on the last motion of the day? Almost. All those in favor say "Aye". "Aye". Unanimous to send that to the RPB. Is there anything else that came out of committee meetings that needs a vote? I'm not aware of any. All right, then I'll ask her a motion to adjourn.

Suzanne:

Motion to adjourn.

Kevin:

Second.

David:

South Central Connecticut Regional Water Authority  
February 22, 2024

Second by Kevin. All those in favor signify by saying "Aye".

Authority members:

Aye.