

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY**

SEPTEMBER 28, 2023

MEETING TRANSCRIPTION

David:

All right. I have 12:30, so if everybody is ready, I will call the meeting of the South Central Connecticut Regional Water Authority for September 28, 2023 to order and note that we are 100% attendance, some remote, some in person, and I'll go right to the first item on the agenda, which is the safety moment, and note the timeliness of environmental awareness, especially with us being an environmental sciences company and all very much involved. So that's a good one.

Catherine:

I do have one quick question and maybe appropriate for environmental awareness. If we're not already doing this, is this a good time to promote or advertise the hazmat center?

David:

We are. It is a good urgency to remind people that they only have another month to go because it does close the end of October and then you have to hold your stuff until the summer.

Larry:

That's right. Gather it up.

David:

Right. So thank you. That's a good reminder that we have the HazWaste here in New Haven for our member towns. Plus there are other towns that belong to it that are not part of our district, which is nice.

Catherine:

Okay. Then I've done one of those things that is on the list.

David:

Okay. Thank you for taking it to heart. All right. With that, I'll open it up and see if there are any public comments. Jennifer, is anybody present online and not in person?

Jennifer:

No members of the public present.

David:

Okay. Then we will move on and go right ... or did you want to do an introduction?

Larry:

Yes, I'll turn it over to Rochelle because we have a new Controller that just joined us earlier this week, so we're really excited. Rochelle can't contain herself. So Rochelle, I'll let you introduce Chuck.

Rochelle:

This is Chuck Delvecchio. He recently joined just, what is this, your fourth day?

Chuck:

Fourth day.

Rochelle:

And you're still here. So we're really pleased to have him join.

David:

Good. Well welcome aboard. It's good to have you.

Chuck:

Thank you.

David:

Important position and I know, like Larry said, Rochelle's happy to have you, but we're glad to have you there. Thank you.

Chuck:

Very warm reception. Thank you all. Thanks.

Suzanne:

May I just ask where you're coming from?

Chuck:

American Leak Detection and prior to that, RSM.

Suzanne:

And just how long were you at American?

Chuck:

Five years and 14 at RSM.

Catherine:

Very nice. Thank you, and welcome.

Chuck:

Thank you.

David:

All right, with that it's time to ask for a motion to recess as the Authority and meet as the Audit-Risk Committee. Who would like to move that? Mario moves. Seconded by Suzanne. All those in favor signify by saying, "Aye."

Authority Members:

Aye.

David:

All five of us, we are all set. So Catherine, it's all yours.

[AUDIT-RISK COMMITTEE MEETS FROM 12:32 P.M. TO 1:16 P.M.]

David:

Have a good day. We'll move right to the consent calendar. What's your pleasure?

Catherine:

I move to approval of the consent agenda.

David:

Is there a second? Are there any points of clarification or any items you'd like taken off. All right. Seeing no objections on any of this, all those in favor signify by saying aye.

Authority:

Aye.

David:

All right, Finance, back to Rochelle.

Suzanne:

Can I ask a question before we start on finance as it relates to the consent agenda? My experience with our financial reports is that there's very little that is reported that is like, "Oh, we really need to discuss this. This is an issue." And largely our discrepancies to budget or to year-over-year are usually timing and other kinds of things. Is it possible, how does everybody feel about putting that into the consent agenda? And unless there are material things other than timing and other kind of inconsequential things, how do you feel about it? How you feel about it?

Rochelle:

Or would you only now do the full report on the quarter because on the months, we do put it in the consent agenda.

Suzanne:

Okay. That wasn't my imagination. I was wondering, I said when it was outside the consent agenda this time, it's like, "Or, we pull out. He's changed that."

David:

Yeah, so it's water[inaudible 00:04:56]-

Suzanne:

That's what's going on, the crisis. Okay, so then maybe quarterly we are-

David:

... compromising. We already heard you.

Suzanne:

Got it. Thank you. The neurons just firing up.

Catherine:

You like numbers.

Suzanne:

Yes, I like numbers.

David:

I do too.

Rochelle:

We'll try to keep it even shorter.

Suzanne:

No, it's just usually timing.

Rochelle:

Yeah, you can make it a little bit bigger. I'm going to first go through the balance sheet but I will just highlight some of the key items. As you would expect, net utility plant is up year-over-year. It is up by about 18.3 million. You could see that utility plant in service is up about 18.4 million. This is year-over-year. As you would expect, accumulated depreciation is up just under 22 million. One of the things I do want to mention, you can see that construction work in progress is significantly up year-over-year and that is primarily due to some of the large multi-year projects that we have including like West River and some of the other projects. So when those projects going to service that. Seamless balance will go down.

On the current assets are up by about 2.6 million. Overall you can see that cash and cash equivalence is up by about 5.7 million. This is primarily due to the increase in the growth fund year-over-year as well as the general fund that we did through the year-end disposition at the end of fiscal 2023. Accounts receivable. I will mention it is actually down by 3.7 million. Although our AR is still elevated over the pre-pandemic levels, it is actually down considerably so that is a good thing. You also now see this lease receivable. That is part of our balance sheet now, so we will be making those adjustments going forward. I will mention based on conversation that we had with CLA. We're going to actually update all the lease information once a year because there's a whole process that we have to go through, so those numbers will pretty much stay constant and then we'll do an update as we close the fiscal year.

From a restricted asset perspective, this is where the construction fund is. So overall, this only changed by less than a \$100,000 and in the construction fund, this is of course representative of what we spent on capital since the first quarter of last fiscal year to the first quarter of this fiscal year. But it also includes the year-end disposition. You might recall we put a significant amount of money at the year-end disposition into the construction fund. So comparable year-over-year, it is actually only down to that 9 million. So that's a good thing. Some of the other items within restricted assets are actually up a little bit. The operating reserve is up due to the year-end disposition. That is a required fund where we have to keep it at 1.6 of our O&M expense. The debt reserve is actually up 1.2 million because although we did not do any new debt issuance at the end of fiscal 23. We did of course have our relatively small debt issuance as part of the 37 series. I should mention, we still do have plans to use DWSRF monies for some of our large projects. That was part of the rate application including the West River project, which will be one of our largest drink and mortar state revolving fund loan and grants.

Just moving on to the liabilities side. So year-over-year liabilities are down overall by 8.5 million. You can see that total non-current liabilities are actually down year-over-year by just about 10.5 million. You can actually see that the revenue bonds payable, I do want to mention this actually is down by 6.1 million even with the 37 series. Again, we just to set the stage, we do have plans to use DWSRF financing for our capital project that we already incorporated into our rate application. You can also see what David was talking about regarding the pension and OPEB liabilities. And pension is up year-over-year 1.3 and OPEB is down by about 1.5 million. This is based on the fiscal 2023 actuarial reports and these also will be updated once a year when we get our actuarial reports for fiscal 2024.

One of the other things I just want to mention, so that other liabilities line, although it is small, that was actually our Hampton remediation, so we are actually pleased. It is based on the last consultant engineering letter that we got is actually zero, so that is good news. The deferred inflows and outflows, these are primarily pension and OPEB related. We do amortize these. This is all part of our complicated pension and OPEB reporting and we do amortize those throughout the fiscal year. Overall our net position year-over-year it is up by about 30 million. But that's the balance sheet. Any questions on that?

So just a couple highlights here. From an operating revenue perspective, we're actually under budget by about 1.1 million. That is about 3%. That is primarily due to lower consumption. When I get into the maintenance test, I do want to highlight a couple of things because we have seen really significant reduction year-over-year in our production, which is weather related, so that is definitely having an impact. From O&M expenses O&M is under right now by about 1.3 million, that is about 7%. I am going to get into that in a little bit more detail about what the key drivers are there. Just another thing that I want to highlight is interest income that is having a favorable impact. With the time that we did our fiscal '24 budget, we actually were not thinking that interest rates are going to remain at this elevated level, so that is helping offset what we're seeing in our water revenues at least for the time being. So that's a positive thing.

Suzanne:

But Rochelle, in terms of future, our borrowing costs are going to be higher.

Rochelle:

Our borrowing costs are going to be higher. We do model that and we did get, and you'll see this in the tenure model next month, but we did get updated information from Acacia, the firm that we work with on what a good assumption is relative to the borrowing cost over the planning horizon. As well as actually interest income. Now for interest income, it is possible and I will share that in our forecast. We are not assuming that we are necessarily going to stay at the over 5% level even all fiscal year because it

is possible there could be lower reduction. It depends on what is happening with the Fed and the work environment.

Suzanne:

You're not going to make that assumption for the interest income, but you are for the debt?

Rochelle:

It is different. The debt is multiple years out. So interest income, we update also in the 10-year model.

Suzanne:

Right. I am just saying for year the different assumptions for the interest income and the debt. Are you being more conservative on that?

Rochelle:

So they're different. They are different rates because one is long term and one is short term and so we actually talk about both with Acacia and they give us their best. Moving down to the maintenance test. So here you can see that we are projecting that water revenues are going to come in under. Right now we're projecting that it's going to come in about 3 million under. For interest income, we are forecasting that we will be over budget by about 1.5 million. We are now forecasting, because we do believe that we need to do this. We are forecasting that O&M. We need to come under. We will need to come in even more under to meet our 118% global metric.

Good news is this year we have some additional levers that if we need to we can pull. Also the other thing that's having a favorable impact is on our debt service payments primarily related to the timing of DWSRF, so it is taking longer to get through the process. Mario was shaking his head, to get our loans closed and we might where we can maybe delay that a month or two because it is going to help with our overall debt service requirement.

So right now we're forecasting to be at 114% and we recently, Larry and myself sent out a note to our cost center owners to really pay attention to their spending and actually to not encourage discretionary expenses as well as focus on accounts receivable. That is how we'll help [inaudible 00:16:02] the coverage requirements.

David:

Who knew we should pass the volatility time period going to the stable yet so far.

Rochelle:

Yes, so actually September, we are definitely interested in seeing the September billing results because September billing is basically August and the first part of September. We are expecting that we are going to have another under budget in September, but after that we will definitely have a better view. If you go to the... For this page, if you just scroll down a little bit more, Jennifer. This is where we do our sensitivity. So you could see that we actually this year we did 5% below and 10% below. And really what this is showing though is even with little changes, how the impact can be on our cash receipts under our maintenance tasks with not much variability in O&M because the variable O&M is primarily chemicals and Pump Power. So that's really the key purpose here to show that what the impact is and what the draws could potentially be at a continued reduction. We are expecting, after we see September, that the

amount that our production is down over the prior year will somewhat level out because we will be through all the summer months. We go to the next page.

Here is where we show our further detail on expenses, both where we are year to date as well as the projection for the whole year. So first talking a little bit about the larger variances. So payroll is running under. It is under by about 104,000. We are under our headcount. We are though, partially offsetting that is our mix of O&M payroll versus other payroll is a little bit more towards the O&M side. So that is partially offsetting the under runs do or headcount like a run.

Suzanne:

Can you say that again?

Rochelle:

So payroll, we have capitalized payroll that is part of our capital program. We have payroll that is supporting Pipe Safe or outside lab services, and then we have the VOCA payroll still that is an operating expense. So for the budget, we have to estimate what that mix is going to be and right now we're seeing that the mix is a little bit towards O&M. Capital is about where we budgeted it to be the job being the Pipe Safe. Some of those other things are currently running below what we thought which makes the payroll that is going to operating expense higher, so we'll be watching that.

Suzanne:

Okay, so the large payroll inside the RWA is what is over?

Rochelle:

No. The mix of the payroll is what is over. So more payroll dollars are going to O&M operating expense than they are to capital and these other offerings above what we expected at the time that we did the budget. So it's having an adverse impact on payroll. Payroll would be even more under if the mix was consistent with the budget. That is what does that. Does that answer that question?

Suzanne:

I know, no, but I don't need to deliver.

David:

Well, you want to try?

David:

A follow-up, but basically, they expect an individual perhaps to work three days on operations one day on Pipe Safe and one day on capital.

Suzanne:

Oh, a single person can be split.

Rochelle:

Definitely.

David:

Yes.

Suzanne:

Thank you.

Mario:

Okay, so just as a follow-up as you have been mentioning the 10-year Model quite a bit. They do not know whether in the past you have done an analysis of what if we took that capital cost of payroll and pulled it out of capital and just included it in operating and budgeted that way so it does not end up being part of... I know you want to assign it to capital. That I understand but just not to take it out on funds that are being borrowed.

Rochelle:

We are going to model that very well. Larry shared with me that that was one of the things that you want to see so we could see the impact. I think you are aware we can't do that for that with financial reporting but we can show you what the impact would be as far as what it does from the debt requirement.

Suzanne:

So could you impact how much you borrow by changing your payroll allocation?

Rochelle:

We do follow generally accepted accounting principles, which does dictate what the appropriate mix is of your payroll. I think I know what the model is going to look like when we do it.

Suzanne:

Of course you do.

Rochelle:

But I think we could show that to illustrate if we took that approach, that even though it's technically capital, I think this is what you're saying Mario. It is technically capital on the books but we don't finance it.

Mario:

Essentially.

Rochelle:

But it also, if we really did it that way, it would actually negatively impact the maintenance task because the maintenance task is based on what comes out of the revenue fund and we wouldn't impact the paying out of the revenue fund.

Suzanne:

Unless you increase it.

Rochelle:

I think we could get your input. We're actually are going to do a model of-

Suzanne:

As a membership.

Rochelle:

I will share now, a significant increase in depreciation, which is a way to get your leverage down, but we're going to show you what the rate impact is if we did that over one or two rate cases.

Suzanne:

This statement?

Rochelle:

I think.

Suzanne:

Thank you.

Rochelle:

So as far as other variances, so employee benefits actually this year, and this is something that we talk about when we do the budget and we definitely look at every month. So this year medical is running a little bit higher, other years have been running lower. We are watching that and the mix is also impacting employee benefits because it's one of the things that gets allocated over O&M and capital. So the other larger variances is Pump Power is actually down versus budget and that is one of the things that does vary based on lower production, so that's having a small favorable impact. Postage is one of the areas that has more than a \$100,000 variance. That is pretty much just timing related. Collection expense is lower. That is primarily due to lower bank fees and just higher re-billings because we do re-bill some of the expenses that we occur primarily associated with collections. Outside services is currently under. It's running under by just under 300,000.

Those are the primary drivers. From a forecast perspective, we are currently forecasting that we are going to be under. We need to be if our forecast does not change on all the other aspects, so we're monitoring that closely and as I mentioned we've asked the cost center owners to curtail discretionary spending.

We go to the next page. From a capital perspective, this is still early in the year. We are currently estimating that we are going to be virtually on budget excluding the contingency and the growth fund and some of the other fundings of the capital program. I will mention that we are, Sunny and myself and the team, are looking at the capital update for the 10-year Model. So I will say that I know already that there's going to be some changes. There is a lot of moving parts, still some supply chain and other challenges. But overall, we will work to get to that at least 96% spending of our budget. I'm just going to highlight some of the larger variances as far as year to date.

One of the items is our clarifier project at Lake Gaillard that is over by about 251,000. That is timing related. Our West River DAF project was actually under by about 288,000. That was also supply chain

related but we are pleased that we are in performance testing. Now in that project, very successful and we will go in service very soon.

Mario:

We're basing a lot of savings.

Rochelle:

Yes. And we'll be quantifying the savings. Another one of the larger variances is actually the Derby Tank. That was actually due to valves that were delayed in that project, though now is moving along. Those are really some of the larger variances, and as you know, we monitor our capital program carefully and we will target meeting that 96% on global metric. You go to the next one.

Tony:

This one though, there were over in service connections. Does that hold well for increase in number of customers?

Rochelle:

We do usually go over in the service connections and actually primarily related to paving projects and we'll go in a nutshell.

Mario:

Without being this includes the about \$11 million that was set pushed forward into this fiscal year at the end of last?

Rochelle:

So if you scroll down. Yes, yes it was. So there's about, it's 1.9 million left and everything else has been allocated up into the projects and we do have... There's 735,000 of that 1.9 that potentially is available for the CIS project, but basically, yes.

Mario:

Thank you.

Rochelle:

This is something that's favorable to our budget. As of yesterday, the stick was at 5.41%. That's definitely really helping. We did budget about 3.5%, and as I mentioned we are assuming now for our forecast that rates are going to remain high for at least the next quarter and they gradually drop through the rest of the fiscal year. Obviously if the rates stay high, it is favorable from our interest earnings. To your point Suzanne, it is not favorable. Even though there are long-term rates but it means overall, there is a rising interest rate environment.

Suzanne:

Can we [inaudible 00:29:01] budget discretion when you do the projection to be more conservative on both events or does somebody question, they're like, "Well, you can't say rates are going to go down in income but they're going to go up in lending," or you really can model it any way you'd want to?

Rochelle:

Well, we talked to Acacia before to get input for the model and actually throughout the year. And although I think we're making somewhat conservative assumptions, we don't want to be overly aggressive, but even discussions through them, the rates because one is definitely a short term rate, almost all our monies are in the construction fund. I will share what we are doing with the model based on discussions. We'll probably keep that short-term rate almost flat and raise the interest expense gradually up to a certain particular level and then we'll say it's going to level [inaudible 00:30:02].

Suzanne:

Okay, we can talk more about it with Ridge.

Rochelle:

You can see here that we are over budget from... This is actually cash. This is for our maintenance test for the funds that... The subtotal is funds that are included in our maintenance test. We are running a little over 400,000 over and we are projecting that. Well, we will continue. That will end the year at about 1.5 million, both the budget. I just want to mention although the construction fund, interest in the construction fund stays within the construction fund. We are over budget there and I think I shared with you probably now over a year ago at least, we only mature the money in the construction fund as we need it. So it's earning interest until we actually need to draw the money out. That's all I have, unless there are any questions.

Suzanne:

I think that is over here.

Mario:

Has there been any indication from public health about the drinking water state revolving rate changing? It has a potential for variability but I do not know, I have not heard anything.

Rochelle:

I think they have not said anything but I think when they go out it is possible, when the state goes out for financing, that the rate could go up. What we assume for modeling our existing rates are all at, you know this, well they are all at 2% but when we model, we assume it is about 60% of the RWA rate because it could go up.

David:

Any other questions? Right, thank you very much. Let's go on to RPB assignments. Pretty quick. September we had Suzanne, you were at finance?

Suzanne:

I was at finance where we talked [inaudible 00:32:19] capital.

David:

Okay, got the update.

Suzanne:

Yes. We cannot talk enough about. There were a lot of good questions. They were answered very well and it continues to be somewhat of a discussion about this whole where do we end the whole process and we were talking about liability and a lot of curiosity about that but that's largely what the conversation was about. Then they reported that we were one of the four states selected by the CPA and RWA. Again it was one of the 10 public utilities selected the participation in the accelerator program I think for us and that is it pretty much. We talked about the goosenecks being included. Curiosity about the website in terms of how people could see it and the visibility to what is what. Lastly, they unanimously carried the committee to vote to [inaudible 00:33:23] and then Rochelle finished talking about a lot of stuff she talked about today, which is the Derby agreements and other projects that were underway and provided information for those with no questions of any substance that I thought were unusual or for a report.

David:

Thank you. All right. Kevin, do you have the minutes or anything from the Land Use Committee or do we want to ask Sunny to give us a report?

Kevin:

Yes, good afternoon. I do have the minutes. I was not able to attend the meeting. I know that there was an update on the land we need for the water we use program and then there was an executive session about security. If Sunny wanted to give or was able to give a brief update about the land we need for the water we use program, that would be great.

David:

Or the committee's reaction to the report on security which we received as a report.

Sunny:

That was the significant portion of the discussion. It was an executive session. There was a lot of questions and answers from members of the land news committee. Paul was there answering discussions. That is pretty much 80% of the entire land is meeting. The other 20% focused on the typical updates that we give. With regards to the land I think today will be the public hearing for the disposal of the plans. There were not any major questions on the committee briefing or the regular briefings.

David:

So what was the committee's reaction to the security update? Were they satisfied with it?

Sunny:

They were extremely satisfied with the way that we were going. They understood the challenges of recruiting. I would say police officers and the steps involved with the background checks plus the test and the number of applicants that comes in and in terms of what needs to be done for them to even qualify for each stage. They were very appreciative of the overall, I would say security steps taken in terms of mitigating the risk due to people I would say coming onto the prop. They were quite appreciative and understood the challenges that we face in leasing and recruiting more police options.

David:

Good to know. Very good, thank you. All right Catherine Consumer Affairs.

Catherine:

I did attend this Consumers Affairs Committee on September 18th. They are following the safety moment and approval of the minutes. Sunny and Tom gave the update on the lead copper rule. I am not going to go into detail because it's substantially similar to what Suzanne said. But there were a lot of questions from members. I would put them in a few categories. One was clarifying the type of communication to customers and how to assist homeowners in identifying what types of supply lines or service lines that they have in their houses. Naomi from New Haven was concerned about the high level of rental properties in the city of New Haven and how information would be gathered for those properties because the communication is going out primarily to the homeowners. So those were some interesting questions. There were also a number of questions about are the availability of grants and subsidies to defray some of the costs associated with this program? All of these questions I think were answered satisfactory and people seem to be pretty pleased and fact, chairman Mark Levine complimented the RWA for this whole process and how things are moving forward.

He did ask Chairman Levine asked how the RWAs efforts compared to other water companies and was pleased to learn that the RWA is out head of many of the other water companies primarily because we have better records, and records going back farther. Then last thing, well not the last thing, but the next thing that occurred was the OCA news report, which primarily focused on his finalizing his memorandum for the hearing that will occur tonight in North Cranford. OCAs invoice was approved and under new business and Steve Mongillo asked questions about the increase in the pipe state costs. Prem answered those questions informing the group that the economic increase is about \$26 for all three programs and that there have not been any increases in the last three years. Rochelle also gave some information about the increasing in the coverage from \$5,000 to \$6,300. The cost is going up but the benefit is going up as well.

David:

That is competitive, has to meet the competition because others are out there raising the ceiling on the repairs even so.

Catherine:

Right. And this, I believe the statement was that this is as compared to other similar programs in the state, that this is one of the most favorable or the most favorable. That's.

David:

Okay, thank you. Any questions?

Suzanne:

I do have a question. I am curious about Naomi's comments about if... I feel very good about the integrity in which we are approaching the blend copper project and the reach at which we are doing it. But if we're going to have a problem, it's going to be I think with people who are living in places in which they have no knowledge or insight about what's going on and are in urban areas. That leads to what Naomi I think was after. So can we just take one second to understand how does someone who's in a rental property in an urban area get personal satisfaction that they are in good shape?

Catherine:

I will see if I can just jump in. One of the things that was commented during the meeting was that there is a good deal of outreach to the cities and towns and not only the elected officials but also the local health departments. From that perspective, that is one way to increase communications. But I'm going to shut up and let the experts talk.

Sunny:

Well I will chime in. I would not say whether I'm an expert, but anyway.

Catherine:

You are it.

Sunny:

The way we are trying to reach is a multi, so for certain, I would say we are contacting the town officials plus the health department directors. As well as we are sending out communications. We have a website that gives a lot of information. The postcards are going out to both, I would say addresses that are actually on the billing address as we have. Plus, the homeowners will receive it. If there are tenants we will reach out to the tenants as well. It is going to be a multi-pronged approach. There is no one size fits all because it is something that we are learning as well. There is going to be a few times where it's going to be iterative. We are learning from other, what Newark did Trenton did. We have a communication consultant who helps us because he has worked around various cities and towns so that knowledge is coming in. C D Smith has worked with many cities and towns. So there is no, I would say, if this is going to be just going to the owners, we may certainly miss out some rental folks who may actually live in the town.

The first thing that we are going to do is target a few towns, West Haven and New Haven. We are going to the first set of correspondence already went to all the homeowners per se. So that was the entire a hundred thousand plus folks. Now we are targeting the unknown service lines about say 23, 26,000 that is out there based on the records that we have. Out of that, we have picked two towns as test towns, the West Haven and New Haven because they fall under the accelerated program. They have elevated high blood levels according to the state. So we are targeting those two towns to try out and see how that goes. Post that we will actually start moving on to the next steps and start sending out these letters of communication postcards indicating that they might have unknown service. Once they send back so along with it there is also your website where they can actually go scan the QR codes. It lets them actually code their basement, do a scratch test. It is a very walkable yes or no questions.

They can walk through and see which one is LED, non-LED. If they are unable to do it, we are also trying to see whether we can train the customer service rep of what they can actually assist in terms of guiding them through the websites. So multiple steps are happening. As I said, there is no one I would say solution that is going to fit and it's going to be an narrative exercise too.

Suzanne:

So thank you. And I still want to repeat, I feel like our integrity in approaching this process is not what I'm talking about, but I'm not sure heard in that the answer. If I'm living in an apartment with 200 other tenants that I have a venue to learn about what's going on program. So pardon me, I'm just a little paranoid. I lived 30 years in New York City and there are plenty of landlords who would never take the time to inform me to do go to the basement, do the whatever test and get it back in time. And the

tenants are... So I feel like to me that is a risk in our, and especially if they are accelerator programs, how can we just help these people, inform them, point them to their landlord, point them to a place where we can answer their questions. I do not know, but I think that Naomi's got a good point that if there's a place where we're going to run into a problem of being accused of lack of communication and potentially being accurate that they just don't know, that would be it.

David:

Go ahead.

Prem:

I think that the issue is not going to be so much the big apartment building. Because they have not... I'm not sure but they didn't know the innovator. That is a number one, two, three family without the landlord living there. Those, my experience is probably the hardest.

Suzanne:

I would imagine so.

Prem:

In some cases we've had people inspecting for pipes, trying to figure out on the suicide and cooperation the knowledge base. It is very difficult. So your outreach efforts into those neighborhoods need to be in multiple languages probably, which you're planning on.

Sunny:

We are planning to hold meetings and I think one of the things that helped in Newark and Trenton was the local churches and institutions that people normally congregate. So we are trying to take advantage of those venues as well where there's a lot more interactions with the public at large on a one-to-one basis, not necessarily leaving it to the homeowners themselves, a multi-story complex, so it's six or seven tenants. As I said, it is going to be a multi-prong approach. It is not going to wait upon just sending the postcards and waiting for them to return back those responses. So these are all some of the areas where we want to target. That'll be focused meetings in maybe in a couple of streets, a couple blocks or whatever it is, asking them the time to come into the local, I would say whatever meeting places. And explain to them what we are doing, what their responsibility is, whatever responsibility is and how we want to proactively approach these things.

Suzanne:

Labor-intensive but a good way to go. And interestingly enough, we have a little small community in [inaudible 00:46:13], which has got more of our fixed income folks and I was there to talk about the school budget, which really got no attention but the Connecticut Water Company was there to talk about the work that they're doing there and it went a really long way with that audience to be able to ask the people direct. And guess who was presenting? Rose was presenting, answering all the questions and doing all that information. Just went really a long way. Communication was right to the source of people who would be on social media or being interviewed by the press or anything else about how they feel about it. Because a good target audience to get.

Sunny:

That is another way too. I think we are thinking about those lines as well.

Suzanne:

It is necessary. It is very intensive.

Suzanne:

How's the Authority? Also would be a good source an access and gather information and giving information to people. I'm sorry if it sounds [inaudible 00:47:12].

Prem:

No, that is all right. We know that the red tags work with billing, maybe something like that would work to bring attention to the house that, "Hey, you have to get a hold of us." Because they see them, they stick out and they would read it. They wo;; be relieved, it's not a bill.

Mario:

Or a reminder of their bill.

Prem:

All right, thank you.

Jennifer:

I think Prem has a question.

Prem:

Yes, I think I just, no, I do not have a question. I just wanted to add on that. I think David just spoke about it. We are looking at doing some field service with Jim Hill's team this year. So one of the thing is also to communicate a customer about what is happening on Millennium Copper perspective communications team. Again, from a customer standpoint, Kevin's team is looking to have some town hall kind of meetings in various towns with RPB members. So we are thinking of getting some of our customer representative CSRs in there as well. So there will be a specific day and we want to guinea pig that approach. So educating the customers more specific to the towns. We are doing some of those things as well. There is also a discussion, we are talking about a customer panel reaching out to especially the underprivileged communities, the towns where we could actually have customers voice.

So Great Blue is helping us on that. There are various other channels. We are kind outreaching to the customers. So Suzanne, to your point right, we are trying to make sure we are extending all of our avenues to be able to talk to the customer for not only this, for other things we're trying to do here with RWA. Just want to add the call out there.

David:

Thank you Prem. If we are exhausted that because we have a two o'clock something that was supposed to be at right about two o'clock. Are we set with regard to meetings that we want to report on? All right, I am going to postpone this next part until later in the meeting because it's inside baseball so it does not

matter to everybody else. Business updates, can that be less than 10 minutes? Okay. Can we do that and then meet with Elizabeth?

Larry:

I will have Prem give a high level update on the CIS project.

Prem:

Thank you. So keep it quick, it is unfortunate but I am going to be reporting the series as, Hello for Schedule. For this month's update for CSRV and I want to walk a little bit about why not to go through all the details in here. So as per the project schedule for the team here, we were carried to complete our design phase. We end of this month 9 29. Apparently based on the amount of work we estimated, there are two sections that are causing this delay. One of them is what we call actions, decisions and issues. We call it ADIs. Basically, the team estimated around 400 ADIs as part of the project during the design phase. We are up to 713 ADIs. So that was a considerable increase on the ADIs. So where we are now, so we had met EBITDA 90-day approach, proactive approach on seeing where we are.

Apparently, where we are now is we have still 50 ADIs to be completed, which takes us two more weeks based on the timelines that we have today. In terms of mitigation plan, what we have done is we have put some additional time and effort with the team. We are looking at doing a half a day, if you will on a Saturday, this upcoming Saturday to catch up on this. I think the plan is to really work through those ADIs and personally, myself and Rochelle are ingrained in making some of those decisions. We are looking to retract some of the last time if you will. This was not expected but that is why you see an LO on the schedule there. Then if I had to talk very much highlight on a couple of things that is going on, one of the key other good thing that happened with the project is that we have what we call omni-channels.

We had a capital projects out in two years, which was to replace our IVR system. So what happened, the team actually worked through the plan and if you can imagine we are putting a system integrating with our existing system, which is an outdated IVR system. Then basically working on that two years out with a capital program of \$2 million, the team actually worked through to see if we can actually replace a system because the UMAX actually has an inbuilt IVR system. The team actually going to work through that and fortunately we are at a point where we are able to work through that additional inbuilt IVR. We have a capital efficiency of \$2 million for out years, which is good, which cost avoidance for us. So the team made that decision. I just want to add that while we are working through our challenges with the schedule, high level on cost, we are actually tracking 1.17 million as of today, which is, if you look at the FI24 spend, there's 7.9 million on the top.

That is for the entire year. We are tracking 1.17 million as of today, which is 71 K under the budget, which is good. So we are tracking under budget at this point. At overall level I think the next few steps not to go through details here is really close out our ADIs and really make sure that we can bring the product back on track. So that's where we are. I'll take any open questions from the team here.

Suzanne:

I have a question. What is an ADI somehow I missed this.

Prem:

It is actions, decisions and issues. Suzanne we call it ADIs here. It is basically part of the project here.

Suzanne:

And something about that is going slower than expected.

Prem:

Yes, so basically when the team estimated the number of ADIs in the beginning of the project Suzanne, it was around 400 that was expected. As part of the design as you know with the talking were requirements and design, the numbers have gone up quite a bit because that is not anticipated during the beginning of the project. When I put the big perspective from 400 to 713 ADIs as of today, so the team had to scale up quite a bit to finish up those ADIs, which is basically making those decisions and actions. One quick example would be a pass to amount on the bill. So why we are trying to see, make a decision on do you want to put that past your date and number on the bill for example, right? So that's a quick example.

Things like that. There are many different decisions that a team has to make. We had anticipated a number which was around 400 and now it's 713. That took a little bit more time than anticipated. So we are expecting a two weeks additional time, which takes us into 10 14 date rather than 9 29. That is the end of the month. That's what happened.

Suzanne:

And ADIs, it is enough time to make good decisions related to these ADIs. Because these are obviously critical to the bill going forward.

Prem:

That is right.

Suzanne:

Thank you.

David:

Other questions? All right and Larry, you're-

Larry:

Yes, just a couple of things from the board letter. I just wanted to highlight the southern ribbon cutting for the new school of business, which RWA and the Watershed Fund and contributed to prominent display of the names of the organization in the community room, which is right inside the front door. We got a very good, very position and David Borowy and the leadership team join me for that. I had a chance to speak as part of that ribbon cutting ceremony while with the governor and the president, new president of the school and lots of other folks. So it was a good opportunity to I think position RWA well within the community.

Mario:

I would amplify, well I would also add that Larry would be too modest to mention. He personally gave a very large donation as well and subsidized one of the classrooms.

So one of only four large donations like what the Watershed Fund did. Larry personally did one as well. And so there's a room that through his efforts and generosity as his plaque as well. Well deserved. Thank you.

Larry:

The other thing I wanted to mention is David and I had one of our town CEO meetings this past month and we met with the mayor of East Haven, had a very productive meeting. He loves RWA, no issues, no concerns. We talked to him about the lead and copper program, what our plans were. Fortunately, they have a very small number of unknowns in their community so it's not really a big deal, but like every town CEO that we've met with, he offered to help with the communications process and put it on his website and things like that. So it was a very productive meeting and one that I think gave us a chance to get to know a mayor that I think is going to be in, again, his plan on his plans are to serve for a few more terms.

David:

Interesting to hear when we talk to all about what their issues are. We've done most of them now, I think 11 or 12 and the vast majority are happy. Well all of them are happy with us and we are not any that we have had issues and we have been meeting about once a month for the last year now meeting with a different one. We have held off on the ones that we know are changing administrations over with the next election and just have not gotten all of them yet. But we will know by late next year. A year from now, we will all have gotten to all of them. That will have us. Juan wanted do a Zoom meeting, did not want to meet in person and Juan has demur for the time being, so that is fine. Of course we meet with Teams all the time. All right, thank you. Anything else?

Larry:

No, that is highlights from the board.

Tony:

Hey David. David, this is Tony. I do not want to intrude on your meeting, but. I think I have some good news for the group. Yesterday we held a meeting at Southern with about eight officials from the city of New Haven school system. We had principals in the room, administrators and a major topic of the discussions were how to promote to the high school students who have a track to Southern who will have a pathway to Southern about the PUM program. I know this is something that we have been pushing for a while to get younger kids interested, so when they get to the college level, they actually have an understanding of the PUM program and what it offers. I think it was productive and we are going to be having ongoing discussions with them about that.

David:

Thank you, Tony. I know you have been working very hard on that and figured prominently in the program at Southern as the executive of residence at the moment. So thank you for doing that. That is our succession planning we have to have as part of it. So Tony, anything that we can help you with on that from RWA let us know.

Tony:

Okay.

David:

All right, very good. Anything else with regard to business highlights or anything from Larry?

Larry:

No, no, I think that is it for now.

David:

All right, good. Then since Elizabeth is on, if we can move to the CEO contract and our discussion. This would appropriately be an executive session inviting Elizabeth McKenna and board members only. If we could that, I would accept the motion to the boardroom on move.

Kevin:

So moved.

David:

Actually [inaudible 00:59:33].

Tony:

David, would you me to exit?

David:

I think so. I think we are at that point now. I thank you and we'll see you tonight at the public hearing.

Tony:

You got it.

[AUTHORITY IN EXECUTIVE SESSION FROM 2:12 P.M. TO 2:43 P.M.]

David:

... the session and then the discussion on item H. And we are now ready to request a motion to recess the Authority and meet as a Commercial Business Committee.

Suzanne:

Aye

David:

All right. Is there a second? All right. All those in favor signify by saying aye.

Authority members:

Aye.

David:

Passes, unanimous. Kevin, it's all yours.

[COMMERCIAL BUSINESS COMMITTEE MEETS FROM 3:00 P.M. TO 4:52 P.M.]

David:

All right. We are back as the Authority and there are no items and there is no action on items arising from committee meetings, so I will add-

Catherine:

Mr. Chairman?

David:

Yes?

Catherine:

The assignments.

David:

Oh, we had to go back to that. Thank you.

David:

October, next Monday is Finance. Do you want to do that? All right. And Land Use? Who wants to do Land Use in October? That is a pizza party too.

Kevin:

That's a pizza party?

David:

It is the pizza party at Lake Saltonstall.

David:

All right. Kevin, are you able to do that?

Kevin:

Sure. I mean, I can do it if no one else wants to.

Kevin:

If you want to do Land Use, that's good, and Catherine already asked to do Consumer Affairs. So, October's taken care of. November. November 8th, Land Use is first.

Catherine:

I want to do that.

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David:

All right. How about Finance on the 13th of November?

Suzanne:

That I could.

David:

How about Consumer Affairs on the 20th of November? That's remote only. You got that?

Kevin:

I'm not available for that.

David:

Put me down then. Mark would like to see me. Actually, it is remote only. So, December, Finance Committee on the 11th.

Kevin:

I can do that.

David:

Okay, Kevin will do Finance on the 11th. Land use on the 13th.

Catherine:

I can do it.

David:

Okay, and Consumer Affairs on the 18th. Mario?

Mario:

Yes, I can do that.

David:

Okay, very good. We're already planning for the holidays. That motion you were about to make Catherine.

Catherine:

Mr. Chairman, I move that the Authority meeting be adjourned.

David:

Second to that? There is. All those in favor, say aye.

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Authority members:

Aye.