

REPRESENTATIVE POLICY BOARD

NOVEMBER 16, 2023

MEETING TRANSCRIPTION

Bob:

Have a very safe holiday.

Public comment, we're going to limit public to three minutes if there's any public who wants to speak. Hearing none or seeing none. Approval of last month's minutes?

Greg:

So moved.

Joe:

Second.

Bob:

Any discussion? All those in favor of accepting the minutes from last month please say aye.

Board:

Aye.

Bob:

Opposed? Great. Communications, in the packet there was the Authority ethics and profit disclosure report. It also said to not fill it out until the 30th because boxes may be showing up before then. Ten Year Model presentation is going to be at the Consumer Affairs Committee on Monday. Finance had theirs this past week and I sat in and thought it was very interesting.

Okay, items for consideration? Our meeting dates for the 2024 year. I don't know if there's any discussion, but there they are. Let's approve them so that we do have the meeting dates.

Brian:

I'll move to accept the meeting dates.

Bob:

Thank you.

Jamie:

Second.

Bob:

Okay. All those in favor of having these meeting dates, please say aye.

Board:

Aye.

Representative Policy Board
November 16, 2023

David:

Opposed? I guess we'll move on to reports. Finance committee.

Bob:

Is Vin here?

Tim:

He is. Thank you.

Vin:

I'm having computer issues here. Can you hear me?

Bob:

Yes, we can.

Vin:

All right, great because I was concerned because you're all frozen. But the Finance Committee met on this past week, actually, and this session to discuss the Ten Year Model that Rochelle presented. That's all I'll mention about that because we were in executive session. When we came out of executive session we set our yearly calendar meeting dates, and then we had a discussion about changing from our remote only meeting to a hybrid. And so beginning with the January meeting, the Finance Committee will be hybrid. So come down to 90 Sargent and join us in person if you'd like. And that is our report.

Bob:

Thank you. Any questions? Hearing none. We'll move on to Land Use, Peter.

Peter:

Good evening everyone. We had a meeting November 8th, went through the safety moment and approval minutes and then Cody gave us a update on the Lake Whitney Dam spillway improvements. It was very interesting. It's very expensive. We didn't get into the numbers, but got the hint of that. And then John Triana did the invasive species updates and properties. That's all in our minutes. We also adopted the calendar year meetings for the year. And then I believe Brian was here today.

Bob:

Yes.

Brian:

Yes, I was at the Authority today. Correct.

Peter:

All right, thank you, Brian. And our next regular meeting is the 13th of December, 5:30. Any questions?

Bob:

Representative Policy Board
November 16, 2023

Thank you very much. To Consumer Affairs.

Mark:

We didn't meet this yet this month. And we will be meeting next week and then I'll have either one or two reports next month.

Bob:

Okay. Thank you Mark. On to Authority and management.

David:

Good evening, Mr. Chairman and members. Thank you. And yes, we were happy to have Brian join us. It's nice to have him in person. And we also met as the Environmental, Health, and Safety Committee and Mario will have a report on that.

Mario:

Thank you very much. Thank you for the opportunity to report this month. We met to discuss PFAS. It's been in the papers lately. We met with Murtha. Brian was invited into our executive session and he was very helpful with his knowledge in that area. So we had a lengthy discussion on where we are as an Authority. Jim Hill gave us all kinds of interesting numbers. We're doing pretty well. We've got action plans or ways looking at approaching it. I can't tell you anything else. Sorry. Are there any questions I can't answer?

Bob:

Because you can't, because it's secret.

Mario:

I can't.

David:

All right. And we also met us a Strategic Planning Committee and I know Suzanne, she's in another meeting, but she was going to Zoom in here and I believe she's with us.

Suzanne:

I am. Can you hear me David?

David:

Great. Yes we can. Thank you.

Suzanne:

Great. My apologies to everyone for not being there in person. I've got a little bit of competing meetings going on and I want to wish everybody a happy Thanksgiving. The Strategic Planning Committee met today. Our very own Vice President & CFO, Rochelle Kowalski, provided a comprehensive financial health check for the utility and the commercial business. She provided financial historical context of the

many and significant financial challenges that we had from 1980 to 2009. And one of those important factors was the provision that we could not have. We had no provision for internally generated funds.

She reviewed the considerable progress made since 2009, when the RWA first made its strategic plan and began to develop and implement it, including advancing long-term strategies to generate the funds internally. Replenishing reserves, improved funded status of our pension plans and pursuing of lower cost financing and grants. We also discussed, as a result of the aforementioned strategies, the utility is financially stronger and operating more efficiently as a result.

As part of the review of the utility financials, she also pointed out, and I think this is a very significant thing, that in fiscal 2023 will be the 13th year in which no RSF draw is due to internal fund generation. So we'll have our 13th year of not needing to draw on that fund, strong fund balances and prudent year-end fund transfers, especially in the growth fund and the construction funds, primarily due to the commercial business growth.

She shared a high level synopsis of the analysis that was done last August in 2023 to determine how investments within the commercial services portfolio could drive approximately 75% of the revenue growth over the next three to five years. And the exercise validates our pursuit, the organization's current approach to grow the commercial business and to pursue organic and inorganic opportunities going forward. And that's my report for this evening and we'd be happy to answer any questions if anybody has any.

David:

Tim, question Suzanne.

Tim:

Forgive me if this has been answered before, but is the strategic plan revisited on an annual basis with this similar report? Is it something that's done programmatically every five years? Could you just explain how you guys get your background and pass to us?

Suzanne:

Sure. The leadership team up to this point has been doing a five-year strategic plan, revisiting it every year and oversight by the board in a mid-year, semi-annual review process to take a look at the metrics that the strategic plan should produce and targets that we should produce. So we've done that in the past. We did discuss very briefly changing that to a three year strategic plan given the rate of change of things. But we haven't concluded that that's the right thing to do at this point. So it's every five years reviewing every year and board oversight semi-annually.

Tim:

Sounds like a good plan.

Suzanne:

Does that answer your question?

Tim:

It does indeed.

Suzanne:

Okay.

Tim:

Thank you.

Suzanne:

Yes. Any other questions? Thank you very much. I'll turn it back to you, David.

David:

He has one.

Jamie:

Do you think that it looks like we're solid and we've been moving in a good direction. Do you expect that there would be a rate review on our bonds anytime soon? Our bond rating?

Suzanne:

Yes. I'll let Rochelle answer that a little bit more, but we are always looking to improve it. Whether the agencies will review it and change it is another story. But all the things that we covered in the strategic plan discussion today drive their sense of financial strength and whether it would be improved or not. But I'll let Rochelle answer it a little bit more specifically about when and where she approaches that conversation with credit agencies.

Jamie:

Thank you.

Larry:

Every time that we have a review of the credit rating agencies, which is when we go out or do bonds, we'll ask them at the end of the presentation if they consider upgrading our credit rating and we review with them our fund balances, which look quite healthy today. And of course they're concerned about leverage. How you doing on the pension fund and whether you have enough money in your funds to pay the bond holders. We tick all those boxes, but the leverage is a little higher than we would like to see. And we have some large capital programs that are coming down the pipe, which makes them a little nervous, but they're getting more comfortable with us and we're hearing back from Acacia, our financial advisor and they're getting more comfortable with us. Management's been able to build some trust and credibility with them through consistency of actions. And so we might be fortunate enough to get an upgrade maybe next time you need the time after that. But it's a question every time that we ask them to consider.

Jamie:

That's terrific. Thanks. That attributes to the hard work.

Larry:

Representative Policy Board

November 16, 2023

... A minus. It's pretty good. Yes, it's very good. Right. We love triple A. You'll see in the Ten Year Model that Michelle will review with you, the interesting and the impact is if we had an upgrade in the bond [inaudible 00:12:30]. It's not a large impact, it's a prestige thing. But she can show you through the Ten Year Model the assumptions of what would happen if we had our bonds upgraded to a triple A.

Well, I can imagine sometimes the cost and burn to get to a triple A rating may not be worth the extra difference because when we go out at the AA minus that we've got, sometimes it's very, very close to what people want the next level or the next level above that arm. So there's a balance there as well.

Jamie:

If we do too good and we have too much money in the bank, the state sweep it so we're better off. They'll find a way to upgrade.

David:

I think the board would consider that over.

Jamie:

I'm not speaking for the [inaudible 00:13:19].

David:

... over tax issue with my superintendent. Maybe we should give some back to the rate payer. That actually came up tonight.

Jamie:

I did not. I have a bug in the room.

David:

That came up today. We're cognizant of the fact that we don't want to be so plush with cash, that we appear to be overcharging and charging more than we need to. That they're in reasonable rates for [inaudible 00:13:41].

Jamie:

Excellent. Thank you. Thank you. Thanks Suzanne.

Suzanne:

Any other questions before I turn it back to David?

David:

Doesn't appear to me. Thank you.

Suzanne:

Yes. Happy Thanksgiving everyone.

David:

You too. All right. And the rest of the meeting was really business stuff. So Larry, we will...

Larry:

Sure. I'll go ahead and cover that. I did mention today that our police department has gone through a state's certification process or accreditation, I mean, and recently received a letter from the State Police Standards Bureau that they had received their first level of accreditation. The police department had to review over 130 policies and practices that was reviewed by a separate group of auditors. And they're early. They have to do that periodically. And it was due this year by December the 23rd, by the end of December of 23. And they got it done early. So Paul Ruggiero started with the process, turned it over to Ed Massey while Ed recruited new officers and then trained the one that we did hire and Ed took the project on and completed that.

So we were able to get that done and a great accomplishment in other items that I reported on today or that was discussed today is after five months of the actual results through October 31st, our operating revenues are under budget by about \$2.2 million due to our water revenues being under budget by about \$2.6 million due to lower consumption.

However, our other revenues are above budget by about \$403,000 due to things like backflow testing, jobbing and some collections charges and things like that.

Our operating and maintenance expenses are under budget by about \$2.4 million. And so some of that is timing. Some of that is permanent and deferred. So right now we're being conservative on what we're viewing as being permanent, about \$549,000 with the other \$1.9 million being timing at that may change.

Right now we are projecting coverage of 114% with no shortfall, which is equal to our budget. But as a caveat, we are concerned about the overall economic environment, what's going on there, which may impact customer's ability to pay. So we're keeping a watch on that. We've asked management to defer any discretionary expenses that is continuing to be in place until we get a better handle on what the year is going to be. And then in the highlight of the news is that as of November 13, water storage is at 85% compared to a long-term average of 66% for the same period and a lot of product to sell. We do. We need a very warm winter.

David:

Right.

Larry:

Lots of showering and sprinklers coming.

David:

That's right. Regardless.

Larry:

And that concludes all of the news from management.

Greg:

I have a question a while back. My question is on solar panels while back we built them. Two questions that I have are, is everything operating as planned with the existing one and are there any plans going forward for additional risks?

Larry:

The panels are operating as planned, so that's fine. They're continued operating [inaudible 00:17:40].

... I saw your email. I did just send you a response to it. Basically, what I say in my email...They're operating as planned. We are exploring with United Illuminating some possibility of doing something jointly for additional solar panels on our land. That's about all I can say about that at this point. But we are looking at doing some more.

Greg:

Would something like that be for specific use in some of our equipment or we're just... Isn't put back on the grid?

Larry:

Put it back on the grid. We still explore putting solar panels and a power source for some of the large facilities that as well.

Greg:

Okay. So it's a continuing thing.

Larry:

Yes, it goes back in the grid. We get a little. Yes, we give some of that, as I recall.

Jamie:

It's a net difference.

Sunny:

That's right. Putting back on the grid doesn't really produce the best outcome for us. I think we would like to [inaudible 00:18:57].

... Before the meter. So I think that would be the best way to go.

Greg:

You get a nickel if you sell it back as opposed to. [inaudible 00:19:04]

Larry:

Yes, you're right.

Greg:

That's why I thought on some of the pump stations and things like we're doing such a major construction with the dam and everything, I didn't know if there was any areas there or something.

Sunny:

Not on the dams, but I think on the treatment plants we are planning to do the roof in a few years.

Greg:

Okay. That makes sense.

Sunny:

We're going to put these solar on top of it.

David:

[inaudible 00:19:32] recently, and I'm thinking about it.

Stephen:

Question regarding the... How many men are now certified as police officers and how many do you wish to have in the future?

Larry:

We have currently three officers. So we have the captain, sergeant, and a new police officer that we hired. We're still in the process of recruiting for more police officers to have on staff and we're looking to have a total of six.

Stephen:

Good.

Larry:

But I've spent quite a bit of time with the police captain and it's quite an involved process to recruit for a police officer, do the background screening for them, and then they have to take a test, some drop out before the test and then of course you go through the training program, they have to be done. So it's a rather an involved process, but we're hard at it and we're continuing to put security improvements in place on the land focusing primarily on, first of all, the ones that the Department of Homeland Security had recommended a few years ago. We're also looking at how we can harden the landscape as well.

Jamie:

Did you say harden the landscape?

Larry:

Yes. Security.

Jamie:

Oh, I'm sorry. Okay. Yes, I didn't heard that phrase. Yes, I have a question about that. Were you done, Joe? I'm sorry. Did you have a follow up question.

Joe:

I'm done.

Jamie:

No. Okay. When we're hiring these folks and they're going through all these preparations to become an officer here, are they paid during that?

Larry:

Yes, they are. Well, if once he's hired, then they are, but not while they're going through the application process.

Jamie:

Okay.

Larry:

They're not paid for that. But when they come on board, obviously the stage additional-

Jamie:

Yes. Once they're going through the certification process, they're paid. Okay.

Peter:

We had that meeting and I think that was executives. So we can't really get into the depths. And I think you were not feeling well.

Jamie:

Right.

Peter:

So that was pretty in depth how they explained it and how far they've come, but...

Larry:

Right.

Jamie:

Yes, I didn't remember him talking about getting paid for it. I know that-

Peter:

No, that's a good question.

Jamie:

But yes, it sounds like it is pretty arduous. And these are competitive folks, they're wanted anywhere. The towns are looking for them, state, lots of options. They have a lot of options.

Representative Policy Board

November 16, 2023

Peter:

It's hard and there's more detail than we were picking on them. Some of them was specifically picking on them for a while.

Larry:

We're ideally looking to hire the ones that have a certification already and then we do other types of trainings with them because if not, we have to pay while they're at the academy. And that's the 10 or 12 week and you have to find a slot for them. It's hard one.

Larry:

I did want to mention too, that we received news from Orville Kelly, one of our engineers today, that the Derby storage tank is complete and it has a miscellaneous punch list today. They put high seeded the landscaping, so it's tanks painted, looks beautiful. So they're putting in some communications equipment tomorrow. So that long way to project is online.

Peter:

Very good.

Tom:

Congratulations.

Peter:

To everybody.

Larry:

Thank you. Thank you folks for your support.

Jamie:

That was job security for a lot of folks.

Larry:

Yes. Any other questions or comments? Well, thank you.

Bob:

Thank you.

Peter:

Thank you.

David:

Office of Consumer Affairs. Jeff.

Stephen:

Bob, this is Steve. I have a question. One last question.

Bob:

Sorry, Jeff. Go ahead, Steve.

Stephen:

Yes, I wanted to ask Larry if the incidents that we were seeing on the land have decreased in the last few months of people trespassing, et cetera.

Larry:

As I understand it, we have, because we do have more of a presence out there, and they've got more security cameras, which is helping, and then the police are out, which security cameras are helping them to locate where trespassers are. So Paul tell me that it's a little less than what it has been.

Stephen:

Great. Thank you.

Bob:

Jeff?

Jeff:

I want to wish everybody peaceful and stress-free, relaxing, happy Thanksgiving. Very gentle. Kill some poultry. Drink a lot of water.

Peter:

Tap water, not bottle water.

Bob:

I want to share at this time that our December meeting is going to be on the third Thursday, December 21st. I'll try and get us before or not in between the holidays. I guess, with that said-

Tom:

I move to adjourn.

David:

Oh, you jumped right in there. Second?

Greg:

Second.

Bob:

Second from Greg Malloy. All those in favor, please say aye.

Board:

Representative Policy Board
November 16, 2023

Aye.

Bob:

Happy Thanksgiving everyone.