

SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
REPRESENTATIVE POLICY BOARD
JOINT COMMITTEE ON ENABLING LEGISLATION
NOVEMBER 30, 2023
SPECIAL MEETING TRANSCRIPT

Bob:

I guess at the present moment I can open the meeting. Safety Moment has been distributed, and I hope you all had time to look at it. We also have some of the revisions that are proposed, or what we and the others, would like us to consider and have been shared. And I guess before we go too, too far, I would like to see if we can have a chair step forward or be nominated and then voted upon.

Charles:

This is Charles. I am happy to nominate Mark to be chair of the committee, but I did have a question before we did that. Is this a joint committee of the RPB or the Five-Member Authority? In other words, is this a committee of the RPB, we're simply going to make a recommendation to the Five-Member Authority, or are we working together to go forward?

Bob:

Charles, that's a very good question. And what I had envisioned it being was it's the RPB'S committee with input from others, because I guess it is up to us to then later vote with the whole RPB about some of the changes we would like to have in the future.

Charles:

But do we take those changes and go forward to the state? Or what happens?

Kevin:

Bob, do you mind if I comment? It's Kevin.

Bob:

Yes.

Kevin:

Good evening. So, the way that Bob and I had talked about this, Charles and everyone else on the committee, was that tonight, and whether Bob wants to have a chairman from the RPB be appointed, that's fine. The intention was it would be a joint committee, but we are really looking to hear tonight from Larry and his team and the Authority about what is important and why for this legislative session. The important changes that Larry would like to see and give them an opportunity to explain why it is important that it happen this year and not two or three years from now, what the important changes are, where it would be requested, and the reasoning behind them.

Then to allow the RPB members to talk to their committees, maybe have an executive committee meeting, discuss it, circle back in the next couple of weeks, and then see if there is common ground on any of them, which ones we can find common ground on and which ones we can't. Then the Authority would decide which ones, if any, they would go forward with.

Charles:

Well, that was pretty much my understanding that as RPB representatives, we were listening to the proposals and then if we came up with any of our own to discuss it, find a consensus, and then bring that back to the RPB to, like you said, see the other committees and chairs and that type of thing. Discuss that within the RPB, and then make a recommendation to the Five-Member Authority and or management to bring forward for actual change.

Kevin:

Correct.

Tim:

So, it's like a study committee.

David:

Yes, almost an ad hoc committee. The times in the past, and we've all, I think everybody here has been around a long time. The times we've gone to the legislature before, we have worked together. And we had ad hoc committees, if you will, that have been members on both sides. Kevin's the only officially appointed member by me, if you want to call this an ad hoc committee. I came just as chair, but I didn't think we needed to overwhelm it. And this is going to be quick. The legislative session starts soon.

So, this is going to be, if we come up with something, it's going to have to be quick, and it's going to have to be non-controversial, and it's going to have to be easy to understand and move forward with. If there's anything that's controversial or anything that'll take a long time, we're going to miss this year. And as you'll hear soon, there's one item that has to get done this year if it gets done at all because it's related to the number of days for billing with the CIS system.

So, that has to go. So, we are going to the legislature this year with the request, and we hope you'll provide them [inaudible 00:08:03].

Charles:

So, tonight is more a building a consensus with the RPB and build support and gather input if there's other things too.

David:

Exactly.

Charles:

And go forward.

Kevin:

Correct. It's really a discussion for tonight and for Larry and the team to explain a few of the important ones and what the reasons are for the [inaudible 00:08:23].

Charles:

Mark, are you comfortable with that, the mechanics of that at that point?

Mark:

Yes. And also I wanted to say the RPB members that are here might have suggestions for other things that they want to put in the legislation.

Kevin:

Yes. Charles said that.

Charles:

Or the other committee heads of the RPB. We bring it back to the full committee and the different committees.

Larry:

That's right.

Charles:

I guess, do we make this...

Mark:

I didn't hear what Dave said is the absolute one that they're going to go to with is which one?

Kevin:

Mark, this is Kevin. That is related to the billing system, and my understanding is the system that we will be instituting has a 28-day billing cycle with interest. Right now the enabling legislation only allows you to start billing interest after 30 days. And so, rather than do a one-off or a change to the CIS system, which you know how that has been difficult in the past and caused problems in the past with other issues, and it's very expensive if it can even be done. That's one that we at least have to go to the legislature for, but we don't want to go with just one reason to open the enabling legislation. But if we don't go with that, then the CIS system's not going to be in compliance with the enabling legislation.

Mark:

Thank you.

Kevin:

Yes.

Mark:

I got it.

Bob:

Does anyone have any other questions?

Tony:

This is Tony Rescigno, and this preliminary is just setting up for what we're going to be doing on this committee. Kevin, are you kind of just sort of leading the charge at this point?

Kevin:

I'm the appointed representative from the Five-Member Authority to... I started the conversation with Bob Harvey a month or two ago at David and Larry's request to just start a dialogue and see whether Bob even wanted to have a joint committee to start with, and brought up some other changes that we haven't even talked about yet. I think they've been sent to Bob and discussed at the Executive Committee level, but we haven't started discussing them tonight yet.

So, that's my role so far, kind of a liaison between Bob and now this committee and the Five-Member Authority. We had wanted to make this a joint effort, not just in name but in reality. So, we didn't want to show up with five Authority and kind of make this a forceful issue. Some of these things, Larry and the Five-Member Authority feel very strongly that need to be addressed sooner rather than later. But at the same time, we need the RPB, not approval, but we need a strong consensus in order to go to the legislature. Otherwise, it's going to be an issue for us. We also want to explain the rationale for these things and why we think that they're important.

Bob:

Does anyone have any other questions? Hearing none. I guess we had a motion for a nomination of chair of this committee of being Mark Levine. Do I hear a second?

Tim:

I'll second.

Bob:

Okay, we have a second. Is there any discussion? Okay, all those in favor, please raise your hand or say aye.

Committee:

Aye.

Bob:

Okay.

Mark:

Thank you very much for your confidence in me.

Bob:

Mark, what we're doing is finding wishes tonight.

Mark:

That's right. So, I think as I see it, and I could be wrong, we want to discuss each one of these proposals and how we feel about them, I would say. Right? Do we want Larry or the Authority to present them or Kevin to present them?

Kevin:

Mark, this is Kevin. I thought that it would be important time-wise for Larry and his team to present persuasive arguments about why some of these are important, more important than others, and which ones really need to be accomplished this year so that you could then bring that back to your committees, the full RPB, digest it, and ask questions. Some of them, I know that initially people were a little bit taken aback by, so I think it's important for Larry to explain the rationale behind some of those, or Rochelle or Sunny to explain that, or myself, or Dave if we think it's important.

Mark:

Yes.

Vin:

Mr. Chair? If I may just have a point of information. Just what is the submission deadline to the legislature?

Larry:

I'm going to ask Nicoletta Blevins, who is our Government and Community Affairs Manager with RWA.

Nicoletta:

So, to answer your question, the legislature convenes on February 7th and they adjourn May 8th. That being said, it is a very short session and all bills that come forward are going to be committee bills. It is going to be a little more time-consuming than just a regular proposed bill because not a single legislator can propose it. It has to come from the committee. So that being said, negotiations need to start mid-January at the latest, so that's our deadline.

Vin:

So, just as a point of calendaring, getting to Bob's initial inquiry about when we should be getting together, and then to Kevin's point about maybe going back to... If I'm taking something back to the Finance Committee or something's going back to the Land Use for review, this is really something that we need to address this month, rather than wait for the January meetings. And then, get back together immediately after Christmas or right after New Year's so that we have a final... If we're bringing something to the RPB, do we need a special meeting of the RPB because we're meeting at the end of January, right? So, I'm just thinking of the truncated timeline we've got here.

Mark:

Exactly right. That's the timeline. It's very difficult. I'm just saying what I know about the legislature in my experience of dealing with them, committees, bills coming out of committee are very difficult to get going.

Vin:

Right. So, maybe the most important thing that we could do here tonight is establish this timeline so that we can, because I just will revoke my approval of the agenda for the Finance subcommittee and say we have to add something to that agenda based upon this conversation tonight, Jennifer.

And then, so maybe what we should do in the first instance is establish this timeline, then hear from Larry, and then schedule our next meeting.

Mark:

That's exactly right. That's right. Okay. You're right. So, do we want to hear from Larry first or schedule our next meeting?

Tony:

I would say we hear from Larry.

Mark:

Okay.

Tony:

Let's get the presentation done so we can see what the scope is.

Mark:

Okay, sounds good. Larry?

Larry:

Okay.

Larry:

There are six of those that are in green. The reason those are in green, we felt were not di minimis in terms of change, and that also includes the interest rate item, which is included in bold greens.

So, I'll start from the top of the di minimis change [inaudible 00:18:10]. On section two, page three, it's clarifying that RWA has the ability to conduct its non-core business outside of Connecticut. And Murtha's position on that is that we are allowed now to conduct our commercial business outside of the state of Connecticut, but it could be subject to legal challenge. This would clarify that there's absolutely no question that we have the ability to conduct a commercial business outside of Connecticut.

And you may ask, well, why do you need that? Well, in the past year we have actually talked to some companies that were in bordering states that were of possible interest for us to acquire. The next not minimus change is section four, page six, which corrects a typo. The word timber is spelled incorrectly.

The next change is section 14, page 17, which is setting the interest rate that can be applied to pass through bills on the 28th day. Or 29th day, excuse me. So, that's the main reason why we're going into the legislature now. There'd be enabling legislation requires that we not charge interest until a bill is 30 days past due. This would actually be to the benefit of customers because the way the interest rate is calculated is on a daily rate as opposed to the whole pass through bill.

David:

And just if I could just put, the reason also for this is that the program that we're getting for the new CIS system has a standard 28 or 29 days to it. So, it's a change, which Kevin said we don't want to go through that again. Those were around 13 years ago. No, we don't want to go through that again. As much as the program can give the standardized program, we want to use that. And this is so minimal that, so-

Larry:

And believe it or not, even though that may seem like a simple change, it has been estimated to take six to eight weeks. It may be a million dollar charge in order to make that happen. So, it just doesn't make any sense to customize the program.

The next change is on is section 18, page 21, and that's just a combining of paragraphs there, and then adding a period after the word records. So, small change.

The next change is section 19 is being imported to section 18, which was a change that we made a few years ago that excludes vacancies on the RPB from calculating the total weighted votes of RPB membership needed to approve various items. That, we changed section 18 a few years, several years ago, which has to do with land sales. And there had been instances in the past when a member, when a seat's been vacant, and we wanted to sell a piece of land and could not get the deal done because of that, they could see. When that change was made, we did not comport it to section 19, which is the number of votes required to approve a project. So, we're just suggesting that those two sectors be the same.

The next change is on section 22, page 31. It's correcting of the spelling of the word all, and the 12th change is dealing with Special Act 03-12 on page 40. And that just changes the word affect to effect from that same [inaudible 00:21:47].

Would you like me to go through the other changes?

So, the changes that may require some more discussion is that currently the RPB is allowed to meet quarterly, but the Authority is required to meet monthly. We're suggesting on section four, page five that the Authority had the ability to meet at least quarterly in line with the RPB's meeting schedule. And the reason for that is that from time to time, the Authority really doesn't have that much business to take care of. So, we could actually forego a meeting. Management could provide a memo to update the Authority on anything that's required, but this would give the Authority the ability to not meet in a particular month when there's little business. Or, if two members happen to be away for some reason, that would, and we might want to have a close to unanimous consent on a particular item.

Mark:

Can I ask you a question on that? Did you say that the RPB will meet quarterly or the RPB will continue to meet monthly?

Larry:

The RPB has the ability to meet quarterly now. And we're suggesting that the Authority have that same ability, but realistically, it's so if they don't want to meet monthly, they can pick to not meet on a particular month because of little business or some other issue because members may be away or something like that.

David:

As a practical matter, we may want to have a combined November-December meeting. I'm on another board, actually. Tim is too. That we meet once for the two months, but I'm also on another board that summertime may be an issue. We may have one July meeting and not a July and August if there isn't that much going on. The intent is not to have more meetings a year. It will probably still be the dozen or more, just maybe some will be combined, and then the special meetings will be different.

Mark:

Does that mean the RPB is going to be quarterly too or the RPB [inaudible 00:23:59]-

David:

No, right now you can meet quarterly. You can choose whatever you want, but you can meet quarterly if you want. That's what the legislation allows. So, Larry's saying, let's just set it up with [inaudible 00:24:09] and make sure the rules are the same for both.

Mark:

I just wanted to understand that.

Kevin:

Mark, this is Kevin. I'm not sure if we're clear that we're not intending to meet quarterly. It's just gives you the option to miss a month here and there if necessary because of no business.

Larry:

Or combine two meetings, as David said. The next section is section five, page seven. That is proposing to increase the number of Authority members from five to seven. There's also some exclusions to the types of individuals that would not be eligible to be appointed. And it also states that no less than five members shall be residents of the district.

Mark:

What's the-

Larry:

The next... Go ahead, Mark.

Mark:

What's the exceptions? You want to tell us what the exceptions are?

Larry:

Right now the exceptions would be... We've got to change this. It could be government officials. Government officials, which has to change. Vendors, contractors, current and former employees of the South Central Connecticut Regional Water Authority. And we've actually come up with some more. We've thought probably we may want to change government officials to state legislators and strike vendors and maybe have family members of legislators and or consultants... As well as consultants.

Charles:

I don't know who is... It's not included in what you have here, but I know in the last cycle with the nominating committee, we had that commission.

Larry:

Sure.

Charles:

And that, I thought was really problematic that to even apply or be entitled to it.

Larry:

Right.

Mark:

What was that? [inaudible 00:26:26]

Larry:

[inaudible 00:26:27] were suggesting that it would be helpful to have somebody with regulatory experience, particularly in utility regulation. Brings best practices to the table and provides a view of national policies. So, there are a whole bunch of reasons why we thought that was appropriate, but I don't think you should have state legislators. We don't think you should have consultants or their families, former employees, current or former employees of the RWA should not be eligible for that as well-

Tim:

We did interview.

Larry:

Yes.

Tim:

So that's what we-

Larry:

Okay.

David:

Yes, it wasn't against the rules.

Larry:

Yes, it wasn't against the rules.

David:

But Larry's proposing that we discuss it, whether you have that safe bond or not.

Charles:

Don't you think that should be up to the Nominating Committee to make that decision? I'm sure that the Nominating Committee and their due wisdom wouldn't do something like that. So, I don't see what the reason to have that rule in there. That's just-

Tim:

Well, I guess I'm a little confused that we did have some who were certainly qualified as a former employee, which wasn't nominated, but it was, I don't think it was an issue that for the Nominating Committee that it was a former employee. But I may be mistaken.

Charles:

Yes, I wasn't thinking so much of the former employee.

Larry:

Well, let me paint a scenario for you.

Charles:

Ok.

Larry:

So, say you've got a former employee, say a Vice President of the organization, and for whatever reason they left with a cloud over them.

Charles:

Sure.

Larry:

Either they were discharged or they were found doing something incorrect. But anyway, they left. So, they come back, and this prohibition is not there. They could come back, and say they've got stellar qualifications, and maybe the RPB wasn't aware of the reasons that they left. So, they could come back, apply for the seat, they've got stellar qualifications, and guess what? They're nominated. Now they've got the opportunity for a vendetta, or they could do other things that could disrupt the operations.

So, we thought it would best protect the future of the organization and that we specify that current and former employees would not be eligible to be members of the Authority.

Mark:

Again, I think that's a decision of the Nominating Committee. I'm thinking something like that. If there was something you and the chairman of the Five-Member Authority always give what you're looking for and why. And I'm sure things like that would come out in the interview process. I'm just giving you my opinion. I don't mean to, if anybody else wants to speak on it, please.

David:

Mr. Chair, I would just to keep this flowing, I think what we should probably reserve discussion like that for amongst the committee and just hear from Larry on the proposals.

Mark:

Thank you very much. You're right.

Larry:

Okay. So, let me continue on. The next section is section nine. [inaudible 00:29:42] Section nine, which was meeting quarterly. And it sets four members in the quorum rather than the current three, which would be appropriate for seven members.

The next change that I have discussed is section 19, page 25. This raises the question if the \$2 million threshold for RPB approval should be increased according to inflation. So, this is suggesting that the approval for capital projects be increased by, we suggested \$4 million. But if you just take the last time that the Authority, the RPB Authority to approve projects was changed, from \$1 million to \$2 million in 1985.

If you apply inflation from that date to today, it's \$3.4 million. We suggested that that be increased to \$4 million simply because, one, as you know, projects are getting more expensive. It takes about six months to get a project approved. If you run that through the gestation process, assuming a \$2 million project, it would increase the additional cost by over \$32,000. We have three to four projects per year, so that would equate to about \$100,000 of an increased expense if we don't have the ability to raise the approval bill. And it would be in accordance with the inflation factor that's used to increase RPB pay. So, it's a factor that you're familiar with.

So, we think it makes sense to increase that 2 million threshold to either 4 million or 3.5 million, just to round off, and probably also to apply an inflation factor to the non-core business of \$1 million to be consistent with [inaudible 00:31:46].

And then section 21, page 26, it actually raises the question if the term improvement should be defined. Management's conferred on that a little bit more, and we think that that should probably have a different definition to it because it concerns improvements in the water system. So, we'll probably come back and have a suggested change to that.

And then the last change, or one other change is on section 30, page 35, there's a question if the threshold for the RPB approval of the project that is having to do with non-core revenues as well. And then another change on that, had previously been recommended by Barbara Dybas. Remember Barbara Dybas? She was our representative from Derby, and she had suggested that on page 32, the third

sentence didn't make any sense. And the reason for that is that there seems to be some limitation that bond refinancings can't be more than eight years.

So, that just doesn't make sense in today's world. So, we'll need to come back with some corrective language on that as well. So, those are the changes that we thought might require more discussion than the originals, than the first six or seven.

So, what's your pleasure from here?

Mark:

Sorry. I think we should open it up for discussion, if anybody thinks that's what we should do. Any questions that you want to ask management about any certain one of these items. You want to start? Does anybody have any questions or feelings about them?

David:

Mark, if I may, I know that the notion of having seven Authority members was derived from the [inaudible 00:33:59] of work that takes place, but also I assume, could you just kind of enhance why you think that's important? I'd like to hear a full picture.

Larry:

Sure. So, there's several different reasons, not necessarily in the order of reporting, but currently the Authority has six working committees, and because... There's seven committees, excuse me. And right now two members have two committees a piece. One, Mr. Curseaden has Commercial Business and the Compensation Committee, and Ms. LaMarr has the Audit-Risk committee and the Pension Benefit Committee.

Those are both heavy duty committees for both individuals. So, first of all, you have seven members on there. One person would have each have a committee, and the chair would of course remain neutral, and the ex officio member, of course. So, that's number one. You would be able to have equal distribution of the work.

Secondly, given that we are expanding our non-core business, you could [inaudible 00:35:08] individuals with more skill sets than what we have on there now. You might have somebody, you could have somebody that is good in investing in startups. We've done that. We've looked at that more than once, and that might be helpful to have somebody with that kind of ability.

You could have someone with a particular finance expertise. That could be helpful, or some specific acquisition expertise. So, it would open up the types of individuals that we could include in the committee, not the least of which would be to increase the diversity of the committee as well, [inaudible 00:35:47] as well as [inaudible 00:35:50].

So, there's several different reasons why we think having seven members would make sense.

David:

Now, would any of this also... You're not asking in this instance to have any from outside of the Authority tenants. There was a mention of RPB members, but there's no consideration that an Authority member would be outside of the RPB tenants?

Larry:

Yes, I think right now that is part of it that no more than two could be outside of the district.

David:

Okay, so-

Larry:

That was the limitation. No more than two.

Tim:

No more than two. Okay.

Larry:

Correct.

Tim:

So, that's a fairly significant change, because that's not all the case now.

Larry:

Correct.

Tim:

Okay. So, make the case for that, please.

Larry:

Pardon?

Tim:

Make the case for that.

Larry:

Well, I just explained that.

Tim:

Because they might have-

Larry:

Because they might have the skillset and increase the diversity of the Authority. [inaudible 00:36:54]

Tim:

I thought that was how you'd get to seven.

Larry:

No, that-

Tim:

I didn't know that you might have to go outside of the district.

Larry:

It disperses the committee work as well, disperses the work of the committees.

Tim:

I understand that. I guess I'm not asking the question correctly. All seven or not all seven have to be within the 16 towns?

Larry:

Under the proposal, five of the seven would have to be within the district.

Tim:

Right. And I heard you say that.

Larry:

That would be within the 20 towns.

Tim:

Right, the 20 towns. And-

Larry:

Or the governors representative.

Tim:

Okay. And the others-

Larry:

The other two, additionally, were saying could be outside of the district.

Tim:

And that would make it easier in your estimation to meet some of those requirements that you don't think you can get within the 20 towns. I guess that's where I'm-

Larry:

Yes, Bruce-

Tim:

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I guess I'm just wondering why that's such an attractive detail that we would have to be going outside member towns to get an Authority member.

Larry:

Well, we're not suggesting that you have to go outside.

Tim:

No, but-

Larry:

We're suggesting is you could have two members that are outside. Two of the seven.

Tim:

So, it would just you think give more flexibility because you think the couple 100,000 people that live in the district, it's not necessarily enough to draw [inaudible 00:38:26].

Larry:

Well, I think we're confusing two questions here. First and foremost, we're suggesting that we have seven members.

Tim:

Understood.

Larry:

Okay. Then we're saying, okay, if we have seven members, maybe two of those could be outside of the district, which could avail ourselves to some expertise that may or may not be interested in applying. If you wanted to have all seven members from the district, I presume we could find the individuals that have that background. We're just suggesting it might be easier.

Tim:

Yes, I just didn't know what was the limiting factor of having 20 member towns not being sufficient to draw that pool. That's all. Just where the thinking came from.

Larry:

Well, and we're also doing commercial business outside of the district as well. We have three plumbing companies, none of which are located in our district.

Tim:

True. True.

Larry:

So, we thought that could give us a perspective as well. Maybe target an Authority member from an area where we have a commercial business. It would give us that flexibility.

Tim:

That's a good case. That is the best case that you made. That makes sense.

Larry:

That would give [inaudible 00:39:37]

Charles:

Interesting curve to that discussion. When we talk about limiting current and former employees, if we went out of district, we already are with the non-core, but if we went out of district, how about limiting current and former competitive core? Competitors?

Larry:

Well, if you're talking about limiting an employee that's a member of the core, commercial business, that would be prohibited under the no former employees.

David:

You're saying [inaudible 00:40:20], somebody who lives in the [inaudible 00:40:22] that works for Aquarion and is the VP.

Larry:

Okay, I'm sorry.

David:

They would have-

Larry:

I misunderstood you.

David:

They would have mixed loyalties. I don't think they'd-

Charles:

What you were saying, valid too. That's a good point to make sure of. [inaudible 00:40:35] That's where I was going with-

Larry:

That may be an exclusion that we might want.

Charles:

Well, I mean if you're going to have our employees and you've got the potential of going outside.

Larry:

That's a fair point because you have a couple of water companies that have extensive operations within the state of Connecticut.

Charles:

Yes.

David:

The reason I was willing to consider that as a thought for us to think about is that it does open us up to a much larger group of people, that you folks could choose.

Charles:

I personally struggle with that concept, but I can... Your perspective on it is no problem with me, but I think if we're going to limit our employees, then we better limit-

Larry:

And that's fair. That makes sense.

David:

I hadn't thought about that.

Charles:

Just seems to me that this district, especially with Yale and that type of thing, that we'd have a lot of expertise locally.

Larry:

We do, but the world's so much smaller now. With all the electronic availability, and someone who may have lived here and may have moved to another town.

Charles:

Especially when we start talking about the non-core startups.

Larry:

Right. That's something to think about.

Mark:

Anybody want to, I think that's buried. Can we move on to another subject here? Just trying to keep it moving.

Larry:

So, the next change was allowing the RPB to meet quarterly. I think we discussed that. We talked about the interest rate being changed. Next one is just typographical. The next one was the threshold for the approval of capital projects. That's section 19, page 25. As I said, as we do the inflation calculation of 3.2%, that number that was changed in 1985, I think it was, or '88 would be \$3.4 million today.

So, we're suggesting that that be, just because of the inflation factor, should be increased. And I think we should have an inflation factor tied to that as well going forward. Would be raised to either 3.5 million or if you wanted to talk about 4 million, and that would be fine as well.

We're also suggesting that the inflation factor be tied to non-core businesses, because we're going to be growing and expanding the non-core business. We're going to be buying companies that are going to be larger. And of course business owners get very anxious when they are tied up for six months in an approval process because they're afraid word is going to get out that they're selling the business, and then that'll start having a negative impact on it. Or the owner starts to try and [inaudible 00:43:23] the price.

So, we thought it might make sense that since we're looking at larger companies, it would make sense to increase the threshold for approval of non-core projects prior to inflation.

Charles:

What would the baseline for that go? What is it now?

Larry:

Well, it's a million dollars now.

Charles:

It's a million, so-

Larry:

And we could just put an inflation factor there and make this, subject to the approval of the RPB, it could be increased to 1.3 million, 1.5 million, 2 million, whatever we think is appropriate at a particular time. I would suggest that probably now it might make sense to make that \$2 million.

Charles:

Yes, I think I was just going there. But how would you tie inflator to that?

Larry:

Well, you could suggest that it be subject to an inflation factor of every X years, three years, five years, much like the RPB compensation. Compensation [inaudible 00:44:22].

Charles:

Okay. Every three-

Larry:

Three to five years.

Charles:

Okay, fine, that's [inaudible 00:44:26].

Larry:

The charter has the same thing.

Charles:

Okay. Yes.

Larry:

So, we would probably have the wording the same as the RPB compensation is.

Charles:

Right.

Larry:

So, it wouldn't be going up every year. It would be happening periodically, every three or five years.

Charles:

Well, at least it's on a schedule. And at that time, would you also give the potential to say, "No, we don't need to change it," or we just would automatically change it?

Larry:

No, I think, just like the pay it's subject to approval, and I think that would be very-

Charles:

So, always subject to approval. I think that's important.

Larry:

Yes.

Charles:

Okay. Absolutely.

Mark:

Maybe-

Kevin:

Mark, it's Kevin.

Mark:

Okay. Do you want say something? Okay.

Kevin:

Yes, I just wanted to bring up a couple of points. One of them is increasing. The number of members of the currently five-member board is something that I had been thinking about since we started, since I've

gotten on the board, and we were working with non-core. So, I think that that point is important because with five people, you have limited experience.

Historically it's been, you have maybe somebody who has a skillset with the pensions or law or engineering background, which I still think are critical to the board. But with the non-core, we're just opening it up to so many different opportunities that you just have a very limited skillset within the Five-Member Authority.

So, for me, I've always thought that once we made that step that we would have to eventually increase the size of the board. I had conversations in the past about that with Tony DiSalvo and with Dave. And so, I feel that that's probably a very good reason to expand the total number of members. And I think it probably should be an odd number versus an even number.

And then I wanted to hear, I think from Larry, not to put him on the spot right now, but whether it's tonight or in the near future, what are some that he thinks are absolutely critical that need to be addressed this year? And I know he has, the minor ones are the typographical errors and making things comply with one section so they're not contradictory. Those, I think, are easy low hanging fruit. But I would like to hear what's really important, and if there's some more information that you need on those. Because of the short timeline, as Attorney Marino brought up, and some of the other members on the committee brought up, I think it's important to maybe highlight which ones are really key.

And then last. Not lastly, but I wanted to hear from Ms. Blevins about what she thought. Is there any detriment or any guidance on the number of changes that we bring to, does that make any difference? Do the legislatures need to... Do we need to give him our top three, how that goes? And then I wanted to ask Jeff, the OCA, if he had any comments. That's all. Thank you.

Mark:

I was just going to the OCA on his comments on this. And I mean, I think what I'm hearing is that the seven-member, increase the seven-member is not as disruptive as seven members with two members from outside the district. That's what I'm hearing.

Kevin:

That's how I feel. Yes.

Mark:

Yes, seven members, I think it's time for the Five-Member Authority to be seven members. That's my opinion. And I wanted to, can I hear from Jeff? Can we hear from Jeff first? Is that okay?

Kevin:

Sure.

Mark:

Okay. Does anybody have a problem with that?

Jeff:

The two items that I potentially have an issue with, and I'll explain why I'm using the word potentially, are increasing the threshold for acquisition of non-core businesses and prohibiting all former employees

from eligibility for the FMA. Certainly, current employees should not be eligible. That's kind of a no-brainer. And I completely understand Larry's explanation of why a former employee shouldn't [inaudible 00:49:04], but there's a couple categories of former employees that we may not want to forever prohibit from being eligible.

For example, let's say you have a mid-level engineer, and you've had some mid-level engineers that leave, and they go into the consulting business, and they end up being rock stars. 20 years later they retire, and we'd love to have them. They worked here. They're familiar with the organization. They're familiar with the business. So, we'd be prohibiting those folks from coming back.

And then if you had other people that weren't here all that long, weren't senior officials of the company, left and went and made their mark and were interested in coming back. I mean, I'm not completely uncomfortable with the proposal as is. I just wonder whether we should think about having a time limit, if you've worked here in the last 10 years, you're not eligible.

Larry:

That's reasonable. That's a reasonable [inaudible 00:50:24].

Jeff:

Because if you have a vendetta, and you're not over it by 10 years, it's going to show up. It's going to show up in the interview. You know what I'm saying?

Larry:

Yes.

Jeff:

So, that's one way. And then the non-core for me to get comfortable with increasing the threshold, the meeting that I've been suggesting where we talk, I think at last RPB meeting, and you talked about doing it in an EXCOM meeting.

Larry:

Yes. Yes.

Jeff:

Where I understand a little bit more about who exactly is running these, acquired, because Dennis is gone, right?

Larry:

Yes.

Jeff:

So, right now, I don't even know who's running these businesses.

Larry:

I'll tell you. The plumbing businesses are reporting to Sunny, okay? And we have an individual in the field that's acting as more or less general manager. It's our first acquisition, Sean Roach. He's serving as general manager. He reports to Sunny. Sunny has regular conversations with him. And the newest company that we bought, Carboni Plumbing, he is reporting to Sunny as well. So, he's keeping track of that. That's really the only non-core business, outside of the RWA current non-core businesses that we have. I'm excluding PipeSafe and [inaudible 00:51:47].

Jeff:

Right, right.

Larry:

Right now, they're reporting to Sunny. He has oversight of them, and I see him continuing doing that for the foreseeable future.

Jeff:

Right. I mean, that raises a whole bunch of questions that we should talk about in executive session, just in terms of what the future looks like. Look, I understand go from 2 million to 4 million on the capital, nothing costs 2 million anymore in terms of capital project. So, that's certainly reasonable. And 1 million to 2 million on a non-core, it's we're still in the infancy of this whole non-core endeavor. So, I'm not sure I'm ready to embrace that, but maybe after we talk a little bit more.

Larry:

Yes. And as a compromise, we could put an inflation factor there adjusted three years hence.

Jeff:

Sure.

Larry:

Subject to RPB approval.

Jeff:

Yes, that's-

Larry:

The important thing, I think, is to give us the flexibility, a mechanism to do that going forward, so we're not constantly running back to the legislature.

Jeff:

Yes, I understand that. That would make more sense.

Mark:

Anything else, Jeff?

Jeff:

No, those are the only two. I mean, definitely I'm 100% on board with going from five to seven. I think that's overdue. And I mean, I've kind of gone back and forth in my mind about the two out of district, but the reality is in my 15 years we've advertised to fill vacancies on the Authority, and being limited to the district costs us some talent.

So, what's the goal? Is the goal to have the most talented group of people that are our defacto board of directors? Or is the goal to make sure that they all live in New Haven County? And there's lots of talented people. What if somebody used to live here and just retired to a condo in Shelton or something? So they're not eligible? I mean, it's kind of silly.

Larry:

Well, there are retired CEOs of companies, too, that live outside of the district that might be great candidates to bring onto the Authority.

Jeff:

Sure. I think that's a good move.

Kevin:

Mark, do you-

Mark:

Okay. [inaudible 00:54:16]

Kevin:

[inaudible 00:54:16] hear from Ms. Blevins?

Mark:

Pardon?

Kevin:

Can we hear from our consultant, Ms. Blevins?

Mark:

Yes, [inaudible 00:54:22], yes.

Kevin:

Great. Thanks.

Nicoletta:

So, to answer your question from a legislative perspective, none of these are controversial. I don't think we're going to get a lot of pushback. And we consulted with our lobbying firm, Gaffney Bennett, and

they have the same consensus. I will emphasize that going, if we open the enabling legislation this year, we can't do it again for a few years. People are going to be skeptical, eyebrows raised, etc.

But the list that we have here, I think it should be fairly easy to push through. Just thinking down the line, there's two committees that we've put this through, either planning and development or environments. I think it went through planning and developments when it was open last, and myself and then our lobbyists have good relationships on both of those committees. So, I think we're in good shape.

I just want to emphasize the timeline though, and how committee, it has to come out as a committee bill rather than just a proposed bill by another legislature. That means the entire committee has to approve for us to go forward.

Mark:

But once you open the legislation, enabling legislation, aren't you opening yourself to some that might want to do some changes to our enabling legislation?

Nicoletta:

I think that that's a possibility. But I wasn't around [inaudible 00:55:53]

Mark:

What's to prevent them from saying the RPB, which is basically the DPUC of the water company, to say that the RPB should have power of approving and not approving budgets? We're the only, the RPB, and what they're made up to do is probably the only one in the state that doesn't approve budgets. DPUC approves budgets for Aquarion, approves the budgets for Eversource. So, some nut may come along and try to do that.

Larry:

Mark, the DPUC does not approve Aquarion's operating or capital budgets. They approve their capital investments that they've made, that they're trying to seek recovery on, but it's not approving the budget either operating or capital.

Mark:

But on the Eversource-

Larry:

Yes.

Vin:

I would be more concerned about someone saying maybe the RPB should no longer be in existence and this should all follow under DPUC.

Charles:

That's what I was saying.

Mark:

That's true.

Vin:

I wouldn't even raise the question, quite frankly.

Mark:

I know, but I'm just saying that once you open the enable organization, something could happen.

Vin:

That's a risk that we run every time we open up legislation.

Mark:

That's right.

Vin:

But we're not raising anything that's controversial here.

Mark:

Okay.

Larry:

The last time we opened up our legislation was in 2017 when we added some more non-core activity that we could participate in, and made some other clarifications. There was a concern at that time that we might get some, that job, try and amend it, amend the legislation. And actually at that time, there was a protest going on against a bottled water company that had planned to open a facility in Bloomfield, which was in the MDC area.

So, that particular year we ended up pulling our change because there was some shenanigans going on. The next year we introduced it, which was '17, and we were still watching out. Gaffney Bennett was our lobbyist then, and they did a fabulous job making sure that the legislation guided through without any interference from some of the more liberal individuals that might be in the legislature or public interest groups.

So, I think we could probably manage that this time without any issues. And I might point out that in the last session of the legislature, it was actually a proposal to bring the RWA under the DPUC as part of a rather sweeping change in the Authority of [inaudible 00:58:48]-

Mark:

I remember.

Larry:

Our launch was able to have that pulled from that particular bill. And I don't think that that will be proposed again.

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Mark:

I'm just being Debbie Downer.

Larry:

I'm just responding.

Mark:

Hey, those all make sense. Everything you say makes sense.

Larry:

[inaudible 00:59:06] won't let that happen here.

Kevin:

[inaudible 00:59:08] should focus on doing a better job with the utilities they regulate.

Larry:

That's right.

Nicoletta:

And if I could-

Mark:

You got that right.

Nicoletta:

So, once we wrap up discussions here towards January, whenever we finalize that, Gaffney Bennett, they're going to start talking to each of the representatives in our district to get their mood and their pushback. Or not push back, their feedback. So, if we hear anything alarming from them, we can go forward as needed. But from what I see and then from what they've said as well, I think that we're in good shape. These aren't too terribly controversial, but we should be okay.

Mark:

That sounds good. I can't see it here. I'm getting old. I can't see as well as I used to. Does anybody else have any questions or any thoughts? Do we want to come back?

David:

I have a question and perhaps a thought. I didn't see anything in here that seems like we should exclude it. However, Jeff brought to the motion a concept of maybe we shouldn't do the new business increase. We could deal it with later, which makes a lot of sense. But that's all a piece of this, correct? I mean, everything is being spoken to in the enabling legislation, then exchanges.

So, I guess I would just say I think everything you're bringing is reasonable, and why don't you pull any of it, just to get it over with because you can't do it for another seven years anyway, so I mean, I would

personally be supportive. I just don't see it's terribly controversial. It hasn't been brought forward some way already.

Larry:

Thank you for those comments. And I would also say that the changes are geared towards empowerment of the RPB to do things. You'll have the option to choose applicants from outside the district or not. You may very well say, "No, I want all seven to be there." And that's fine. You can be more restrictive, you can't be more liberal. And you'll have the ability to set or not the inflator, three to five years, whatever you choose, just like you do with your compensation. You would have the decision of that.

I think it's important that you'd be given those tools so that we can work together down the road in case we do get to the point. Like Jeff said everything costs more than \$2 million now. I mean, we used to be able to buy a remodel pump station for that much. Now that has to come to you guys. And I don't know that you want that all the time. What did you have? A lot of applications last year, a lot of public hearings and a lot of, and if you like that then that's fine, but it does get more difficult if it is an immensely large amount of staff time to get those things made.

Mark:

What about the provision that an FMA, I'm just put throwing this out. FMA member has to be on the Nominating Committee ex officio. Does anybody have any thoughts on that?

Kevin:

Yes, may I comment on that? We were suggesting that the RPB change its Rules of Ppractice. Jennifer?

Jennifer:

No, I think it was the Bylaws.

Kevin:

Bylaws. We were suggesting that the Bylaws be changed, which is obviously not part of the enabling legislation, to allow the chair of the Authority to, and we suggested an ex officio member of the Nominating Committee, because typically in any corporate board of directors, the chairman generally has a say in who is on the board of directors. While the CEO and the chairman are consulted for the skill sets, the individual themselves is a decision made solely by the RPB. And as far as I know, we're not privy to who you're picking. I mean, that's your decision. So, we could...

Larry:

I'm agreeing with you.

Kevin:

Okay.

Mark:

I just wanted to know if there was any thought on that. That's all. I brought it up. Okay, so [inaudible 01:03:18]-

David:

I've been on a couple of Nominating Committees, and each time we bring in both board and management to discuss it. But you're right, you're not part of the actual discussion where we see the applicant.

Larry:

And I think it's important from a governance standpoint, just pure governance of the chair, of the Authority, have the ability to weigh in on the individual that's being zeroed in. And obviously, that person's only going to be one voice out of seven or so. But I think it's important from the governance standpoint that the chair has the opportunity to weigh in on who's going to be on that board because they're going to work very closely with that individual for five years.

David:

Because coming out of Nominating it goes to RPB for the final vote anyway. So, it isn't as if that member would be, could be a deciding vote or anything like that.

Larry:

No.

David:

I think that makes sense, Mark, because we always ask for their input anyway.

Mark:

No, I'm throwing it out, see what people say about it. I think this was a great discussion. I think I'm glad, Larry, you've made this a lot clearer. David and you have made this a lot clearer than it was. I'm sure there was some original opposition on the EXCOM Committee. I think you've put a lot of those fears aside.

Charles:

I do have one other point though that a couple of times the word compensation has come up. And I'm just throwing this out, the discussion because I know that the RPB decides to compensation for Five-Member Authority. But each time is my understanding that the compensation for the RPB is set in the enabling legislation that anything that anybody would like to discuss, I mean, it's been years. There certainly hasn't been any inflation impact or anything like that. I just throw it out, and it's worth any discussion.

Mark:

Well, Kevin's the one that did that.

Kevin:

We did the inflation factor, right?

Mark:

Yes.

Kevin:

So, there's something.

Mark:

I would like to see that raised. Yes, I would. I'm sure other members on the RPB would like to see compensation raised.

David:

I appreciate that, Mark, because you're saying you want compensation raised, and his point was for Authority members, not RPB members, but I [inaudible 01:05:46].

Mark:

I put [inaudible 01:05:47] RPB members.

David:

You're saying should Authority members compensation be put in the enabling legislation?

Charles:

No, no, no.

Mark:

He's saying RPB members.

Kevin:

No [inaudible 01:05:55] RPB members.

Charles:

[inaudible 01:05:56] is that the RRB's compensation is set in the legislation.

Kevin:

Right.

Charles:

And I know. I've been here over 10 years now and I know it's never changed. And a couple of times tonight we've talked about compensation, inflation factors and that type of thing. And I'm throwing it out there if it's worth any discussion.

David:

Well, RPB does have an inflation factor, maybe five years. It's [inaudible 01:06:19]. It was delayed the last time for one year because of Covid.

Charles:

Oh, okay, that's right.

David:

But there was an adjustment made, and three years from now it'll be due to make another adjustment if you so desire.

Mark:

But I think when he did that, in my opinion only, the inflation factor is different than how it's determined for the FMA members. And I think that they should go back to a stipend that is higher than what the inflation factor is. That's my opinion. And I think Charles was trying to-

David:

In other words, the base should be higher, Mark? Is that basically what you're, 125 or something like that, whatever it might be, as opposed to a 100? Is that sort of what you're saying?

Mark:

Yes.

Charles:

What was it in the enabling?

Mark:

I'm telling you, if you're a selectman in a town, some selectman's get 500 a meeting. Some selectman's get 12,000 a year. Some selectmen get nothing.

Kevin:

They're just asking. Jeff asked, what's the base rate on-

Jeff:

The original, the original.

Kevin:

The original base rate.

Mark:

\$100.

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Kevin:

Well, the original was 50, and then it was changed to 100 with a five-year-

Jeff:

Inflation.

Kevin:

... adjustment inflation factor.

Jeff:

So, it was 50 in 1978?

Kevin:

Yes, I remember.

Mark:

So, talk about things that haven't been raised in a while.

Larry:

Inflationary capital there.

Kevin:

Right.

Larry:

Makes that 200.

Mark:

I think it should be two. Well, anyway-

Larry:

It's 246.

Mark:

What's 246? What'd you say?

Larry:

Would that be considered controversial? I'll ask Nicoletta.

Nicoletta:

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I mean, there's a huge number of stuff. I would have to consult with Gaffney Bennett. But I would like to say no, just from what I know already. I think that we'd be okay with that. So, let me touch base with them, and then I can get back with [inaudible 01:08:24].

Mark:

See, we brought up something new. Okay. Anybody else? Anybody else have anything to say? Should we pick a date for our next meeting?

Kevin:

Yes, we need to.

Mark:

Soon. This is the 30th. You want to meet? When is our RPB meeting?

Jennifer:

The 21st.

Mark:

The 21st?

Jennifer:

Yes.

Mark:

Why don't we meet on the 15th and try to finalize something to say, the committee says, come up with something to say that this is what we agree with and this is what we don't agree with?

Charles:

If we do it on the 14th versus a Friday.

Jennifer:

[inaudible 01:09:15] speak to the committees about this because consumer affairs would be the 18th.

Mark:

My Providence College buddies wouldn't agree. I'm looking for a calendar. So, December. How about December 14th? Does anybody have a problem with that? That's a Thursday.

Charles:

Did you say Land Use is meeting on the 18th?

Jennifer:

Consumer Affairs is on the 18th.

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Charles:

So, should we meet on the 19th or the 20th to have a final meeting before we propose something to the RPB?

Mark:

Yes, that's right.

Charles:

This way all subcommittees can weigh in.

Mark:

Yes.

Kevin:

Yes.

Mark:

So, we're meeting on the 20th, right? 20th.

Kevin:

21st.

Jeff:

We're meeting on the 21st. I can make the 20th, I believe. That's a Wednesday?

Mark:

Well, I'm in the wrong month.

Larry:

Yes, because we're meeting on the 21st. The 20th [inaudible 01:10:31].

Charles:

Why don't we meet on the 11th, which is a Monday?

Larry:

Quickly, overnight. If they meet on the 20th.

Kevin:

We don't have enough time. All the committees would not have met by then.

Larry:

Okay.

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Kevin:

Yes.

David:

[inaudible 01:10:49] the Finance Committee's meeting and then Consumer Affairs on the 18th. So, you want to meet after the 18th?

Mark:

How about the 20th?

Kevin:

That works for me. It's Wednesday.

David:

Yes. I can make the 20th.

Mark:

Okay. Let's try to put this together. 20th. [inaudible 01:11:10], will you kind of, I mean, you've been taking notes. Can you kind of put something how we feel about this together so we can bring it to our committees?

Jennifer:

You'll have the minutes.

Mark:

Yes. Okay. [inaudible 01:11:23]

Jennifer:

And then a copy of these changes, I guess, or the proposed changes.

Mark:

Yes.

Jennifer:

Okay.

Mark:

Okay. And we can discuss it with our committee.

Kevin:

Mark, this is just a suggestion. It's totally up to the committee chairs and the RPB and the RPB chair. But would it be helpful to have somebody from Larry's team come to those meetings for that bullet point on

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the agenda in case anybody has any questions or requires further education on it, or they want to be further persuaded? Just a suggestion.

Vin:

Kevin, I think that's, just as the chair of the Finance Committee to avoid the telephone rule of screwing it up, it would be better if someone was present just to kind of do a quick synopsis so that the chairs don't put any type of...

Mark:

Misinformation.

Vin:

Well, misinformation or spin that is unintended.

Mark:

So, that would be good. Is that a problem for Larry or to put somebody up there? Kevin, do you want to come to all the meetings? It's your ball game. You're the batter.

Kevin:

I can come to some of them. I can check my calendar.

Larry:

Probably going to one of them anyway.

Kevin:

Yes, I have to check which one I'm going to on, but I think somebody, it's just a suggestion. It's not forced on you or the chair of that committee, but...

Tony:

It's almost over.

Kevin:

Whether it's me or somebody else. Yes.

Mark:

Yes, I think you'd be good.

Kevin:

Okay.

Mark:

Okay? So, we're going to meet the 20th at 5:00? Or 5:30?

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Vin:

Sounds good. [inaudible 01:13:27]

Mark:

I think it was a very good meeting. I think, Larry, you and David presented it very well. And Jeff, I liked your insight. Are you still here? Is Jeff still there?

Mark:

Okay. Can I get a motion? [inaudible 01:13:51].

David:

Second.

Mark:

Okay. All those in favor?

Committee:

Aye.