

**South Central Connecticut Regional Water Authority**  
**December 16, 2021**  
**Meeting Transcription**

David:

Cyber security, very apropos for this meeting. All right. Well it's 12:31. Let's get started with at least some of these things that we can dispense with and move forward. So I'll call the Regional Water Authority meeting for December 16th, 2021 to order, and I'll note that we have four of the members, present and Suzanne Sack will be a little bit late with a prior engagement, trying to finish up with. We'll go right into item one, which is a safety moment. And we are going to talk about cyber security phishing. And where is?

Jeanine:

I'm here. I'm here.

David:

Okay, thank you, Jeanine. I don't see everybody's picture right now.

Jeanine:

I'm camera shy.

David:

That's okay. That's fine. There's a little quick rundown.

Jeanine:

Yeah, a little under the weather. Okay. So the safety moment-

David:

I'm sorry.

Jeanine:

The big this month, there's been a lot of cybersecurity phishing schemes, particularly around the holidays and weekends in the holidays. A lot of people online trying to get their last minute shopping done. We had a little bit of a thing at the water authority last week, where there was a tremendous amount of emails that went out that looked like it was Microsoft, but unfortunately the person spelled Microsoft one a little bit wrong. So some of these things suspicious, senders addresses looking for altered or omitted characters. So that would've been a perfect example of an email that I had gotten last week. Generic greetings, poor grammar, and sentence structure. I think we've all gotten bogus emails that look like they're definitely written by somebody that it's not proper. And again, suspicious attachments and not opening anything or clicking on anything. So just expect this kind of phishing email problems to kick up more around this time of year. That's it.

David:

Sorry. There we go. All right. Thank you so much. We will move on to the commercial business. So who would like to have us recess the authority meet as the commercial business committee?

Catherine:

Move the question.

David:

Move by Catherine. Second by?

Kevin:

Second.

David:

Seconded by Kevin, all those in favor signified by saying aye? Aye unanimous of the four of us here. So we will now hand it over to Kevin for commercial business committee.

[COMMERCIAL BUSINESS COMMITTEE MEETS FROM 12:33 P.M. TO 12:55 P.M.]

David:

All right. And now I will accept motion to recess the authority and go into the audit risk committee.

Kevin:

So moved.

David:

There a second?

David:

Right, Catherine. All right. All those in favor signify by saying aye. Unanimous. All right. So Catherine, it's all yours. Thank you.

[AUDIT-RISK COMMITTEE MEETS FROM 12:56 P.M. TO 1:48 P.M.]

David:

All right. So we are back, pull up my agenda here. There were no items to act on coming from the committee. So we will go right into the consent calendar. What's your pleasure with that folks?

Catherine:

It was the acceptance of the consent calendar.

David:

Right? Is there a second?

Suzanne:

Yes. I'll second it.

David:

Second that by Suzanne, are there any points of clarification or any you would like to hold off? Seeing none sensing you're ready to vote. All those in favor, signify it by saying, aye.

Suzanne:

Aye.

Kevin:

Aye.

David:

I pass this unanimously. I heard all five voices. All right. And welcome, Suzanne, all right. Finance item F water leaf, financial reports. Rochelle, back to you again, busy meeting.

Jennifer:

Let me just find board pack Rochelle.

Rochelle:

Okay.

Jennifer:

I had it on here.

David:

Too many things open.

Jennifer:

I do, yeah. Let me just see, I don't know where it went. Hold on one moment.

Jennifer:

Did have it open? No.

Jennifer:

Okay. Give me one second.

David:

Sure. Actually do we want to do this or we want to take a break? It's been an hour and a half. What's your pleasure. Folks? No, all right. We'll keep going. Maybe we'll do this in the next item. And then we'll take a break before we get to committee assignments.

Rochelle:

Do you have it, Jennifer? Do you want me to send it to you?

Rochelle:

Maybe just make it a little bit bigger. Thanks.

Rochelle:

Can everyone see that? I think Jennifer you might have to sort of move it up and down a little bit as I go through it, but I'm going to start with what's to me anyway, on the upper left on utility and plant. So overall net utility plant is down by about 1.3 million and that's primarily still being impact by the lower than normal fiscal '21 capital plan. But you can actually see that PP and E as one would expect, which is a gross plant and service. That's actually up year over year by 15.1 million.

Rochelle:

You can also see that [inaudible 00:32:17] is up by about 5.8 million. And that has to do with the time of project going into service and a number of projects that are multi-year projects. Just going through for non utility plant, no change. Goodwill here we have not yet started amortizing. You might recall as part of the fiscal '21 audit starting in fiscal for this year and before we close fiscal '22 from an audited financial perspective, we are going to start amortizing the Goodwill. Also, just moving down the page here. Current assets are actually a reduction of 4.1 million. And...

PART 1 OF 4 ENDS [00:33:04]

Rochelle:

A reduction of 4.1 million. And actually, the primary driver of that is you might recall at the end of fiscal '21, we moved some of the excess that we put into the general fund at the end of fiscal '20, due to our concerns relative to COVID, we put that money into the construction fund on. And therefore it's no longer a cash and cash equivalence because the construction fund is part of restricted assets. So, that's the primary driver and just to mention, we did that to help mitigate the rate case and lower our debt financing requirement. So that's really the key driver of the change in the cash and cash equivalence.

Rochelle:

Just again, highlighting some of the items here, the restricted assets, the primary reason that that's down, that's driven by our construction fund. So it incorporates the spending that we've done in our capital program. Keeping in mind that for the first part of fiscal '22, we are using internally generated funds to fund our capital program. And the reason it only is gone down by 1.3 million has to do with the year end disposition that we did at the end of last year. Jennifer, if you can just maybe move up the page a little bit. I don't know if that's my view or yeah, thank you.

Rochelle:

Just to mention at the very bottom part of the page, I think you're aware that for the pension and OPEB, those deferred charges are associated with the GASB accounting for those plans. We do amortizations throughout each month and then they will be updated at the end of fiscal 2022, going up actually in the upper right. And Jennifer, if you can just adjust the screen a little bit, couple points here, you can see that revenue bonds payable that's down by 21.5 million. And that's really due to the principle payments

that we make each August. You can also see that the premiums are down that's solely due to amortization. DWSRF loan payable is up since last November versus this November, we did do our final tranch of AMI DWSRF financing. We got a nice size grant with that, along with the project loan obligation. The net pension liability, you might recall from the 531 update, good news there, we actually reduced liability by 9.4 million and the net OPEB obligation was reduced by almost 600,000. They will both get updated based on 531 2022 when we close the year out.

Rochelle:

And I should mention on both the revenue bonds as well as the current portion. Of course this doesn't reflect the financing and refinancing that will be issuing January 5th and that we priced yesterday. Again, this is the current portion of the revenue bonds payable, little higher principle payment coming up in August 2022. And again, the DWSRF is just reflective of the additional loan that we did. I do want to mention that you see a pretty significant reduction in the notes payable year over year. You might recall that prior to our DWSRF financing for the AMI project, we were using interim financing and we used the proceeds from that DWSRF last loan to pay off the note, so that's a significant change there.

Rochelle:

If you just maybe drop down to the end of the page. From a good news perspective, our net position year over year has improved by just under 22 million and you can actually see a pretty significant drop off in the total liabilities year over year. So that's good news also, are there any questions on the balance sheet? Okay. If there's not, Jennifer, I would go actually to page two, I believe, or A1, I believe it's noted.

Rochelle:

One more. Okay. So the upper part of this page here reflects the financials through November or through the end of second quarter visa financial reporting. And at the bottom in a minute, I'll talk about the financials under the maintenance task. So just a key thing, few things here to point out are operating revenues do continue to be over budget, primarily driven by the metered water revenues as well as other revenue from proprietary and as actually was mentioned earlier, and this is the gross revenue.

Rochelle:

It is primarily being driven by pipe safe as well as outside lab services. From an O&M perspective, we are continuing to be under by about 2.7 million. That's roughly 9% of the budget. I'm going to get into that in a little bit more detail when go through the particular O&M information. The other thing I want to mention, and it's a little farther down on the schedule is that you will see that there is an underrun in interest and that's primarily being driven by the delay that we did knowingly and purposely make to not charge interest on arrears until very recently, as well as unfortunately, the lower interest rate environment, which is good news and bad news, it has a negative impact on our investments, although it has a favorable impact when we issue debt, so that's really the key thing that I wanted to point out.

Rochelle:

If you go down to the maintenance test, there's a few key points here I want to mention. So this maintenance test is prior to the implementation of the rate increase, as well as the implementation of the higher depreciation that's associated with a rate application, as well as the impact of the debt issuance, both the refunding, as well as the new debt. Although I will mention good news from the new debt perspective, we structured that, that the debt service payments will not start until fiscal '23. So we

are still projecting to be over from a water sales perspective. We are still projecting to meet our coverage even prior to the impact of the rate application without a draw, so that's all good news.

Rochelle:

As I previously mentioned, and we're going to get into this in a little bit more detail in a later presentation, we do have a one time impact of what I'll call the big bang associated with the implementation of monthly billing. And what that means is this is from a cash perspective only, just the timing of that conversion will cause a one time impact. I will mention that just on a preliminary basis when we factor in the rate increase and the other components, I would say roughly our coverage will be between 116 and 118. And I'm cautiously optimistic that we'll be able to propose an additional pension contribution before we close the year that will also take some pressure off of fiscal '23. Are there any questions on this summary page?

Catherine:

Rochelle, can you give a little bit more detail on the big bang? What are we anticipating that's going to look like?

Rochelle:

So what the big bang means is that all quarterly water customers are going to convert in the same months, not from an earned revenue perspective, but totally from a cash basis. What that's going to do is it's going to have a one time increase in the January billings. It's going to have a one time impact associated with the conversion aspect on our cash collections and how our cash collections are going to flow into the fiscal year. So it's a one time impact.

Catherine:

Have you quantified that?

Rochelle:

We did quantify that and we factored that into our budget in fiscal '21, if you want I can spend a little few minutes here. Part of that one time favorable impact is being offset by the change that will be mentioning a little later, but I'll mention it now on private fire billing is going to go for the new Haven towns it's going to go from in advanced and arrears. So we're able to offset that. And I will mention we did not, for a lot of reasons and including some uncertainty about the exact timing and whether our modeling was 100% correct, we took a portion of what we had calculated and we put that proportion into the budget for fiscal '22.

Catherine:

Thank you.

Prem:

Matter of fact, Catherine, we did a business case and some of these numbers that are part of a business case I can share offline, for your time so you have a review of what that is, right?

Catherine:

Okay. Thank you.

Prem:

Have all the details. Yeah.

David:

But like Rochelle said that a little bit later, I had asked them to prepare an understanding for us of what's going to happen with the big bang and the conversion.

Rochelle:

Right. Right. And I should just clarify there's the conversion piece that I think is what Prem's talking about in some potential favorable impact there, but the big bang and just how we're handling that is a one time impact on fiscal '22.

Prem:

Yep.

Rochelle:

Going to the next page. I'm not going to get into all these details, but I just want to point something out at the bottom of the page. Oh, if you can, the maintenance test part. Really what I think this shows is how sensitive, even whether or not you have a draw is, to very small changes in and consumption and billing and what the cash collections are. So what we modeled here for the assumptions is we modeled what if the rest of the year is 3% over? And what if it's 3% under, and 3% is a pretty small number.

Rochelle:

I mean, it's less than a million dollars when you just look at it for the remainder of the year and you can see that it does make a difference because your operating expenses for the most part, what's variable is your pump power and your chemicals. And in the short term, most of your other expenses are not really variable based on consumption. And you can see that it does, with a small change, you can end up having a draw if your bill consumption and the cash collections is just off a little bit. And this is why we do watch this quite closely to see where we are and to try to make prudent judgements on whether or not we can afford to bring in additional expenses and what our billings and what our cash collection is looking like. So I just want to point that out, for a small change you can increase whether or not you have a draw or coverage by just a couple of percentage points.

Jamie:

Rochelle, you said something, you said pump power.

Rochelle:

Pump power. Pump power is the electricity used that actually goes into the meter for the production of the water.

Jamie:

Thank you.

Rochelle:

If you go to the next page, Jennifer. Okay, here, I'm just going to highlight some of the key variances and talk a little bit about the projections for the rest of the year. So you could see that the large changes or variances payroll is running under. I think you probably recall that we did put a vacancy factor into our budget, but we are even underrunning our [hay 00:46:42] count even adjusted for that vacancy factor, so that's a contributing factor. In the employee benefits area the key driver of that is really medical. We're watching that closely, we are self-insured if the underrun continues for the next month or so, we will be considering were that as permanent, but that is key driving factor.

Rochelle:

Some of the other larger variances, pump power at this point we're saying is timing. But we'll be watching that closely as well. Chemicals is partially up because of the pricing that we are seeing on [inaudible 00:47:24] some of that is a permanent overrun, but as you can tell, we're offsetting it across many other areas. Outside services, at this point, we're saying that it's mostly timing. We will be doing our whole reproduction bottoms up reproduction as part of our fiscal '23 budgeting process. But outside services is currently underrunning and that is across multiple areas of the business. Maintenance and repair, at this point, I would say that's primarily timing.

Rochelle:

Just looking out at the year end projections, we have made some modifications where we're seeing some underruns and overruns, what we're going to be looking to do through this bottoms up process, if our underruns in certain of these areas continue, as we've done in previous years, we'll look to see if we can accelerate some expenses coming in from fiscal '23, where that makes sense into fiscal '22. We'll also look at whether we can absorb an additional pension contribution and still have funds available for the growth fund and the construction fund and such at the end of the year. So at this point we are conservatively estimating that we will come in on the fiscal 2022 O&M budget. Any questions?

Rochelle:

Okay. Moving to the next page, which is capital. First at a high level, I'll say that we are projecting to actually come in a little over our 96% target. We do recognize that there is some adjustments that we need to make for some of our projections on some of our major projects, that work is underway to see what we could move in, where we know some of the projects. And this does include the Derby tank as an example, where we're not expecting any longer to expand the entire budget this year. So we are working through that. But with that effort, we are still anticipating to meet or exceed that 96% target. I'll also just talk to on the year to date results, some of the larger variances. So you can see at the top of the page, the watershed protection, that is under, and that is where we thought we were actually going to consummate a sale. The owner did decide not to sell and so John [Triana 00:50:23] is using our priority matrix, looking at other potential leads there.

Rochelle:

The Whitney Dam is another project that's currently underrunning. And that project work is slowing during value engineering. Value engineering does need to be done. This is a DWSRF targeted project, and that's part of what we need to do for that project. The dam intake replacement that's under, and that's really a result of contractor material delays. So somewhat being impacted by the current supply chain disruptions. If you move down the list a little bit more, Jennifer.

Rochelle:

Some of the other key items here is the raw water flow control valve replacement. That's under by about 195,000 that also has to do with supply chain disruptions, although those materials are expected to come in before the end of December. Also, moving down the page a little bit. The pipe projects overall are coming in under currently, although we are forecasting that, that's actually going to exceed the budget before the end of the year. And that's primarily being driven by the work at Thimble island in Branford. Moving down also to some of the other larger variances, the capital pipe service connections that's running over year to date. And that's primarily due to the work on first avenue in east Haven and also the main street in downtown Branford that was completed ahead of schedule. So we're not anticipating any year end impact. So that's a timing change. And maybe just move down the schedule a little bit more.

Rochelle:

Yeah, just maybe a little bit more, Jennifer. So here we are seeing the SAP customer enhancements, that's under year to date and that's a timing of some invoices and the timing of the project that is expected to go live later this month. SAP monthly billing is also under expended, that also has to do with the timing of the project and that project is expected to complete in January of 2022. From the equipment underrun there, that is primarily driven by the vehicles that we plan on purchasing, actually truck vehicles. And those are still expected to come in before the end of the year. So that's also timing and somewhat associated with supply chain disruption, but overall, we are working to ensure that we're going to meet the 96% target. And as I mentioned earlier, we're looking at some of our larger projects and what's really expected and what we can do to move some things up from fiscal '23 into fiscal '22. Any questions?

Rochelle:

Okay. If you can just go to the next page, Jennifer. So this actually shows our investment earnings. Investment earnings is one of the things that is actually being unfavorably impacted by the interest rate environment. We are doing what we can to help mitigate this. I had mentioned, I think probably now several months ago, we do have a new suite product associated with our key accounts at Citizens Bank. So we are getting some interest on that. The other thing that we're doing, we are actually looking at where it makes sense to do some sort of near term investments. So we have moved some more money into those near term investments, I guess, based on what the Fed said yesterday, I guess maybe there is an expectation that interest rates may actually start going up. So we are doing what we can, given the interest rate environment and where we need to sort of balance the cash that we need to make our maintenance test and where we need to keep funds liquid.

Rochelle:

We are, as it relates to the construction fund, we are basically just moving, maturing the monies that we need on virtually a weekly basis instead of maturing any money in advance, just to do what we can to get the best amount of interest earnings in this interest rate environment. And the last page of the package shows the interest earnings on a cash basis. And one thing, from a good news perspective for the revenue fund, we're actually slightly over our budgeted amount. And that's because we do have, from a positive perspective, more money in the revenue fund than we had projected. So we're able to offset that, we're able to offset the lower interest rates. So we are watching that closely doing what we can, given the current environment. Are there any questions?

David:

Speak up, we can't see all of you. I guess not. All right. Seeing none. We're ready to move on. The next item I have on the agenda is elect officer for the calendar year 2022, including chair. So what I would like to do is do each office separately. So I'd like to open the floor to anyone who would like to make nominations for chair.

Tony:

I'd like to make the motions. I nominate David Borowy as chairman.

Suzanne:

I'd like to second that motion.

David:

Thank you. Are there any other nominations or motions? Any other nominations or motions? See no other nominations or motions. I'll move to a vote. All those in favor, signify by saying aye.

Suzanne:

Aye.

Tony:

Aye.

Catherine:

Aye.

David:

Oh, that was fun. Thank you. Thank you for the resounding support, it is five zero. All right. We will move on to vice chair. I would like to, oh yes, sir.

Tony:

I'd like to make a motion.

David:

Yes, sir.

Tony:

I'd like to nominate Kevin Curseaden as vice chair.

David:

All right. Is there a second to that?

Suzanne:

I'll second that nomination.

David:

And second that nomination. Are there any other nominations or discussion, any other nominations or discussion? Seeing no other nominations or discussion, all those in favor signify by saying aye.

Suzanne:

Aye.

David:

Aye.

Tony:

Aye.

Catherine:

Aye.

Tony:

Unanimously. Very good. All right. And we will move on to secretary treasurer. Are there any motions for that?

Kevin:

I nominate Catherine LaMarr.

Suzanne:

I'd like to second that nomination.

David:

Second from a smiling Suzanne. All right. All those, any other nominations? Are there any other nominations or motions? Seeing no other nominations or motions. I will ask for a vote. All those in favor, signify by saying aye.

Suzanne:

Aye.

David:

Aye.

Tony:

Aye.

Suzanne:

Thank you, Catherine.

David:

Thank you very much for agreeing to serve and Kevin, thank you for agreeing to serve in your new role. You have a lot to do this coming year and we will all be part of it, but nice to know that we've got other hands around to sign some of the documents and do other things so, that's great. Thank you. All right. I think we'll take a break if that's all right. And what do I have here? 2:19, so let's come back at 2:30, 11 minutes. All right. Okay. See you all.

Suzanne:

Sounds good. Thanks.

David:

To the meeting. Oh, he says his computer froze, he's rebooting. Okay. So maybe we'll give another minute, if you all don't mind. So we'll talk about our RPB committees, we'll talk about some updates, which will take a little time because there's some in there and then we have an application.

David:

Let's see if he's said anything more to me. Yes. Trying now. Okay. Ain't technology wonderful?

Larry:

It's great when it works.

Tony:

I feel like the good old days when we'd come in, sit at a table, open our packages for the first time and get ready to have a meeting.

Jennifer:

Kevin should be here now.

David:

Yeah. Good.

Jennifer:

I just, there he is.

David:

All right. Welcome back. Mr. Vice Chairman. I was about to-

Kevin:

Thank you.

David:

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Take a break and I couldn't, you weren't there. All right. So we will continue the meeting and we will go onto reports of the committees. And we had November finance. Oh, Kevin, did you go to finance on Monday?

Kevin:

I did for December.

David:

Good.

Kevin:

Yep.

David:

Yep.

Kevin:

The main focus of the meeting, well, Rochelle provided the committee with a historical background in various scenarios of built consumption by fiscal year, class and month. And there was a lot of discussion about the, I guess, the [inaudible 01:01:08] or how they identified the different classes, whether there was different rates for commercial versus residential, but also different rates for classes. And so there was a good discussion about that and they give a report on the [Ansonia Derby 01:01:28] tank and some other projects, so that was the meeting.

Larry:

David, you're on mute.

David:

Sorry I was on mute. All right, thank you very much, Kevin. So we have land use. Catherine, were you there?

Catherine:

I certainly was.

David:

Good.

Catherine:

All right. And so this was my first time to meet Sunny, so welcome.

Sunny:

Thank you.

Catherine:

And so Sunny was introduced to the land use committee. We had our typical safety moment. There was a good deal of conversation about how the deer hunt went. Apparently somebody was injured who was not acting appropriately. And I learned that NRA does not mean national rifle association, but something completely different. Natural resource assistant. So that was the highlight of that portion of the meeting. I was actually pretty surprised about the number of acres where the deer hunt goes, but apparently it was very successful this year, come from a family where my father hunted deer every year until he got tired of packing them out. So I found that interesting. There are not a lot of updates, with respect to forestry to things are happening. Recreation seems to be winding down for the year. There was a little bit of an uptick in permit holders. I'm sorry, it's downturn in permit holders year over year from 2020 to 2021 in November, which is disappointing because we have really beautiful recreation areas.

Catherine:

I think that's the most significant things. Progress is moving forward with respect to disposition of the rental houses. Are there any questions?

David:

All right. No, no questions. Great. And then I see consumer affairs is not meeting until next Monday. So Tony, you have a little bit of time there. All right. So then we will move on. Let's see. Move on to updates.

Larry:

Okay.

David:

Larry.

Speaker 1:

Hang on one minute, we didn't do the committee meeting assignments.

David:

Oh, we didn't assign them for next. Okay. Who's available?

Speaker 1:

Sorry.

David:

Yeah. Thank you. Thanks for correcting me. Who's available in January that hasn't been to finance in a while, that would like to go?

Catherine:

I'd love to go to finance.

David:

All right. How about land use?

Kevin:

I can go.

David:

All right. And consumer affairs? Tony or Suzanne are either you going to be around?

Tony:

I can do it, but I'm doing it this month as well.

Suzanne:

I can do it, David.

David:

Okay, great. Right, Tony, you got a month off. All right. February, finance?

Tony:

I'll do that unless anybody else hasn't been to finance recently?

David:

No, it's yours. All right. Land use?

Catherine:

I love land use. Definitely.

David:

Okay. That's good. And then consumer affairs.

Kevin:

I can do that.

David:

All right, Kevin. Thank you. And then we have March.

Suzanne:

I'll do finance in March.

David:

Great. And land use?

Catherine:

Is the date?

Kevin:

I can go to land use.

David:

You could, all right that's great. And if we can slide that down just a little bit, we'll see consumer affairs for March. I keep trying to slide it down, Jennifer and realizing it's not my screen.

Catherine:

I could do consumer affairs.

David:

Okay, great. You got them all covered up. Thank you folks. That's terrific. All right. Now, Larry, it's onto you. Thank you.

Larry:

Well, thank you very much. And before we get into updates, I did want to formally introduce Sunny [inaudible 01:05:51] as our new VP of engineering and environmental affairs. So welcome Sunny, glad to have you on board. And you'll all be hearing from him a little bit later. He'll provide a few comments on the...

Larry:

... hearing from him a little bit later, he'll provide a few comments on the RPB project application. So, welcome Sunny, great to have you here.

Sunny:

Yep. Thanks, Larry. It's a pleasure to be here.

Larry:

And [inaudible 01:06:13] welcome. He and Ted have been working together, transitioning responsibilities and the like, so this will be [inaudible 01:06:25], I should say probably his last authority meeting, although on [inaudible 01:06:30]... There's some background going on, somebody have a... He'll be working with Ted on the Whitney Dam application, which will be coming up by, I think... What February now, Ted, is that right?

Ted:

January.

Larry:

January. Okay.

Ted:

Yep.

Larry:

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And then Ted's going to continue to work on another special project of surrounding the building. So, you may see him from time to time as necessary, but Sunny has officially taken over as the Head of Engineering and Environmental Affairs, so that's great.

Suzanne:

Larry.

David:

Well, welcome Sunny. That's great. Oh, sorry, Suzanne.

Suzanne:

I just wanted to ask a quick question about, on direct report positions. Can you just take us through not the whole process, but do you involve the RWA board at all, members of the board? Is it just a chair who meets somebody prior to hiring? How do you do that? Or you don't even do that

Larry:

No, typically, that's been handed by the president and CEO, although the leadership team members will meet with the individual before they... as part of the decision making process.

Suzanne:

Thank you. I was just wondering if the board has any role at all.

David:

We've not, traditionally, at least that's... I've not. And Tony's explained to me that in his many years as [charity 01:08:01]. He had not either, was in the purview of the CEO.

Tony:

However, if Larry makes a bad hire, it's our fault.

David:

Well, all right. Sunny, I want to welcome you on behalf of The Authority. It's great to have you here.

Sunny:

Thank you so much. It's a pleasure to be here too.

David:

Good. Well, I can't tell who's smiling more though. You, because you're happy to have a new job and a great challenge or Ted, because he's happy to finally retire. But as Ted said, he'll be back in January to talk about the damn project and that wasn't a curse word, that was a description of the project. So, all right.

Larry:

Ted is happy as a dog with two tails.

David:

Very good. All right, so now Larry, we will let you continue on. Thank you.

Larry:

And, we'll have Jeanine do the COVID update and this will be her last update with the RWA. And so, like to extend thanks and appreciation to Jeanine for her service, and certainly wish her the best of luck and success in her new venture that she'll be taking on January the 11th.

David:

And I would echo that on behalf of the board and say, we do wish you all... All of us wish you the best of luck. Certainly, Jeanine, we thank you for the great strides you brought here at The Authority.

Jeanine:

All right. Well, thank you. I don't know. Are you ready for the COVID update?

Larry:

We're ready for the COVID update.

David:

Yes.

Jeanine:

I wasn't sure. My thing is swirling now, give me one second. Here we go. Operating difficulties today. So, you probably realized that COVID is doing a little bit of a uptick again, for whatever reason, we cannot seem to rid ourselves of this and you'll see that evidenced in our numbers this month, we've had four confirmed new cases since our last report on November 15th. So, as of Monday, we have had a total of 44 since we started tracking in November of '20. I can't believe that was November of '20, near soon to be '22. It seems crazy. We have also had a lot of uptick in activity around potential exposures, as you might imagine, as other people are getting exposed, while it might not always translate into a positive case, we've had an uptick in that regard.

Jeanine:

So, we're still... Amanda and myself and Bernard are still, kind of, having to pay attention to new conversations about this everyday, and I didn't anticipate that to continue until maybe more people get the booster shot or we get past the holidays or whatever it is that that people are talking about. Going to give you an update on the vaccination status of our staff, right now, we are at 81% of our staff is fully vaccinated. When I say fully vaccinated, I should put a little asterisk in that, we were calling everybody fully vaccinated when they had their two shots.

Jeanine:

We have had a tremendous amount of people that I've had booster shots and given us that information, but I'm sure we don't have everybody recorded as well, but we have 211 vaccination cards, and those are kept on our HRIS system, it is part of an obligation we will have for record keeping to meet the OSHA ETS rules and [regs 01:11:37], which you probably all know are still on hold, the federal government

there's been many challenges around that, that's I don't know, in the Third Circuit Court, I'm not positive where it is now, but yet nothing has come out that has pushed us to have to mandate things based on the hold on this requirement.

Jeanine:

No new updates for the return to work committee. We haven't met really in quite a long time, because it's very quiet for some time, might be something to think about as we get through the next few weeks of the holiday season, if things start to tick up again. I mentioned that the barriers were reconstructed in the customer care department and groups were returning in November, unless there is a significant change to, I guess, the health status of the organization or the risk status. I understand that phase two is still scheduled to begin after the new year. And we're still doing our regular cleaning that we have on the weekends and keeping up with our midday cleanings and doing the best we can to keep 90 Sergeant drive and our facility safe. And that is about it.

Catherine:

Jeanine, is there any thought to... The CDC has not changed its definition of fully vaccinated. [Inaudible 01:13:07] To any change of policy, if the CDC does change its definition of fully vaccinated?

Jeanine:

Yeah. So, we have not adopted, we were, kind of, hoping. Sometimes when these things come up, you would rather have the onus beyond somebody else beside yourself to come up with these. And the feds were poised and ready to say, employers with a hundred or more had to do it. And so, a little pause before we made that decision, I mean, that would have to really be up to Larry and team moving forward about whether or not that is something outside of whatever the federal government decides. I mean, you all know, you work in places and you know people that their companies mandated regardless.

Jeanine:

So, I'm assuming that'll be a decision that Larry and the team will make going forward based on what happens in the next couple months. It doesn't seem to be, I don't know if this is yearly, kind of, thing, if we're going to hopefully maybe get to the point where we'll be a yearly shot, but it doesn't have to be like a daily conversation. I don't know, it's just so... It's a very hard circumstance right now, but we have not to date mandated. We keep preparing our employees and telling them we're doing all of this and anticipation of this mandate, but yet as you know that still lingers in the court system. So...

Catherine:

It's somewhat unfortunate that this whole issue-

Jeanine:

It is.

Catherine:

Has become so polarized because. As my doctor told me yesterday, we're going to live with COVID. We're just going to have to figure out how to live with it, like we live with flu... Got rid of polio.

Jeanine:

That's what I meant when I said, if it could be just an annual it's time for your flu shot, you go by Walgreens and you see it's time for your COVID shot. And then everybody gets on with their life. That's, kind of, what I guess, the hope and expectation could be, but it's been challenging for sure.

Catherine:

Yep. Thank you.

Jeanine:

You're welcome.

Larry:

Okay. Any more questions for Jeanine? Okay. I'd like to provide you an update on two items of the six included in my board report for this month. First of all, the good news is, is that Standard & Poor's and Moody Investor's Services, they confirmed our bond ratings for this issuance AA minus for S&P, and [capital A 01:15:55], [small A 01:15:55] three for Moody's and reported a stable outlook. So, that was good. And that rating will be applicable to the 36th series bond issuance, which will include new funds as well as green bonds and then our refunding bonds.

Larry:

We had our pricing of bonds yesterday. And the good news is, is that while we had anticipated an interest rate somewhere between 2.85% and 3.75%, the new money actually priced out at 2.73%, which was great. And that will be, ultimately, reflected in our rate application when that goes into effect in January. And we were actually oversubscribed by about 1.7 times. So, there were strong demand for the RWA new money, despite what was going on, and there was a lot of churn in the market based on the chatter around what the fed was going to do yesterday, but despite that we had had strong demand for the money. And the good news is, that the state of Connecticut had been in the market the previous day, and so we were able to escape the churn with them. With regard to the refinancing, you'll recall that we had a refunding currently and a forward delivery. With that, the projected savings on it, on a discounted basis is 2.4 million and an overall rate of 2.01%.

Larry:

So, again, good pricing in terms of that bond. And we had Piper Sandler as the investment bank that handled 70% of the issuance and Janney Montgomery Scott was the minority issuer and they handled the other 30%. So, good news yesterday, David was there, and David and Rochelle and I, we all confirmed the bond pricing and they quickly moved forward to lock in the rates and the savings.

Larry:

Second item that I wanted to mention was that, this month I had met with the president and CEO of the Greater New Haven Chamber of Commerce to get an update on their business retention and growth work, but also to talk to them about expanding the work that they're doing to recruit large water using industries to our service area. So, I took the opportunity to review with them the previous study that we had done that identified five large water using industry sectors, which included things like beverages, food processing, pharmaceuticals, and chemical products, semiconductors and electronics, and transportation equipment, all large water using industries that were identified as being appropriate for

the New Haven County area, because they either have like industries or industries that supply those particular industries.

Larry:

So, they're going to look at how they can incorporate into their economic development efforts, ways to recruit large water using industries to the region as part of their overall business retention and expansion work. So, that was a good discussion, and I look forward to hearing more progress from them as time goes on. So, if there's not any questions on my board report, I'll then turn it over to Rochelle who is going to provide an update on the monthly billing. So, first, any questions?

Larry:

Nope. Okay. And I'll turn it over to Rochelle who will do a monthly billing update.

Rochelle:

Thank you, Larry. And Jennifer, if you can just go to the next page. Okay. What we're going to cover is the benefits of monthly billing, what's changing, our budget assumptions, the communication plan, and then Prem is actually going to do the project update. So, if you go to the next page. Okay. Monthly billing delivers are positive customer experience and the next few bullet points are all about the customer, so there will these smaller, more affordable bills, consistency with most other utility bills and monthly home budgets, and also an increased opportunity for communication with our customer and customer engagement. Also, the monthly bills, even just the bill will be a more timely information about the water usage, and that does include early leak detection and opportunity to change usage habits. Those are primary drivers from the customer perspective, and the next couple items are actually from a utility perspective.

Rochelle:

And this came up briefly earlier. So, the increased cash flow, this is from a post conversion, so not the big bang that I talked about. Some of you might remember the business case that was done for monthly billing and one of the things that we did incorporate and a key driver is increased cash flow, and that's due to what we believe, and we did have conversation for example, with [Roth Tellis 01:21:48] who supports us and has visibility into other utilities. What they see for utilities that transition, and because of the smaller bills, we are anticipating an increase in the cash flow with the business case assumed a half a percent increase, and it was a half a percent, again, based on some discussion with Roth Tellis, because we already do have a relatively high collection, at least pre pandemic.

Rochelle:

So, we did incorporate that. And then, even the timing of when that happens we'll have a favorable impact. We're expecting that, that uptick will be in the first couple months after billing. So, that increased cash flow will relate to lower accounts receivable and also have a favorable impact on our bad debt expense. We will be watching the results closely after we get through the conversion. And what the pattern actually is, that is part of our process to move... To monitor how our billing converts to cash collection. Also, from the RWA perspective, the reduced leak adjustments also was quantified for the business case that was done and that was actually just under 120,000. I should mention for the increased cash flow, we had a, sort of, most likely case of just a little under 500,000, then a more aggressive case of just under 600,000. Also, if you recall the business case, there was also some strategic

initiatives and these strategic initiatives were to help offset some of the higher cost like postage and payment processing that is associated with monthly billing.

Rochelle:

So, the initiatives include increases in [E-billing 01:23:45]. That was a little under 300,000 and optimizing payment processing. The optimizing payment process saying is an initiative to use the word entice or encourage customers to go to the lower cost option, which is actually ACH processing as opposed to credit card. And that was just a small amount of the favorable savings. So, again, from the business case perspective, these initiatives in the most likely case came to, basically, cross neutral and the more favorable case actually a positive impact. So, those are key benefits, but from the customer perspective as well from RWA perspective. If you go to the next page, Jennifer, we also wanted to cover what's changing and we tend to focus on the meter water customers converting from quarterly to monthly. But we do want to make sure that we review with you the other changes.

Rochelle:

And there are other changes. Some of you... I think David, maybe, was a participant in a meeting that we had back in October 2019, where we actually got input from board members, as well as our RPB members, as well as the OCA, to go over changes and got concurrence in buy-in to what we were doing in some of the other areas other than metered water. So, again, meter water, quarterly customers are going a monthly billing. There is a small number of customers that are already on monthly billing. Also, quarterly [plate 01:25:31] safe is, converting a monthly billing. So, going forward pipe safe customers will be able to select monthly or annual, but quarterly will no longer be available. For public fire, currently we bill public fire twice a year in [arrears 01:25:50] for the New Haven district towns in monthly arrears for the Ava towns. What we're going to convert to... And, again, this was bought into, by the governing boards and also with input from the OCA, the Ava towns will transition to choice [inaudible 01:26:11].

Rochelle:

And Jennifer, you can just move the page up a little bit. Private fire is another area where we are using this opportunity to make a change. So, currently private fire is billed twice a year in advance for the New Haven district towns, quarterly arrears for Ava towns. What we're doing is, we're using that one time uptick that I mentioned earlier to help offset the transition that we're going to do for the New Haven district, to align them with a more normal billing arrears. And also, what's anticipated is, for private fire customers that are also water customers or which are the large majority, they'll begin to get their private water bill on the same bill with their water bill. So, those are the key changes that will be associated with conversion of monthly billing. Any questions on this slide?

Jamie Mowat Young:

Yeah. Rochelle, remind me, with the changes with the fire departments, both public and private, you've had [inaudible 01:27:29] we've...

Rochelle:

You're on mute, Jamie.

Jamie Mowat Young:

I'm sorry. Remind me, with both public and private, have we... With these upcoming changes, have we had constructive conversations with them and are they amenable to this change they expected?

Rochelle:

Yes, that's actually later on in the presentation, the communities and outreach team are meeting with the municipalities and I believe most of those meetings have already occurred and they've even asked for posters to post a community in senior center. So, those meetings are going well and the municipalities are really most impacted by the public fire and that's really changing for the Ava towns, but also, there are also water customers also and sometimes private fire.

Jamie Mowat Young:

Thank you.

Rochelle:

The next slide is about the budget assumptions. And, again, we touched upon this. So, first I want to mention that from an earned revenue or from our audited financial reporting, there's not going to be an impact based on how we're changing the timing of and the frequency of the billing. There is, however, going to be an impact on the maintenance task. So, this is revenue from a cash perspective. So, the one time impact does have to do with all quarterly water customers converting in the same month and associated with that, what the cash pattern on that earlier billing from that January conversion is going to cause.

Rochelle:

So, we have, as I mentioned, factored that in, admittedly, we didn't put in 100% of what that impact was because there was still some questions, as I mentioned about, is our modeling a 100%? Is it actually going to totally go the way that we anticipate, but we are anticipating a one time increase. And we did build in also the unfavorable impact on the private fire. So, we bought... We factored both of those one time occurrences into our budget for fiscal 22. As I mentioned earlier, there's also post conversion and that's the favorable impact that we anticipate seeing with a cash conversion of these monthly smaller bills and what that's going to mean for our cash collection pattern. And for public fire, the timing for Ava, it should not impact the cash collections under the maintenance task. Public fire, generally, is all paid within the same year that it's billed, even though it's billed twice waste a year.

Rochelle:

And then for private fire, I mentioned that the... On the new Haven side, there is that one time negative impact associated with that conversion. And there was a very small, positive impact. We did actually build it into our fiscal 22 budget with the conversion of the Ava towns, instead of billing them quarterly in arrears we're going to be [inaudible 01:31:13] in arrears. So, those are the key impacts that have been built into our fiscal 22 budget. Are there any questions? If you go to the next slide. So, this is the integrated communication plan and quite a bit of work went into this by the communications and outreach team. And [Phil Vici 01:31:41] has also been involved. So, there's a special monthly billing webpage with FAQ sets on our website. What we will be posted, probably, early next week is a special monthly billing website homepage banner. Also, we are considering on bill messages.

Rochelle:

So, in addition to these other communications, we are considering putting a message actually on each individual bill with further explanation about the conversion and what it's going to mean from... Especially, those first bills that are going to go out to the customers in that conversion month. We're also doing consumer bill newsletters. So, the water lines that's in English and Spanish, in the winter of 2021, spring, summer, fall and then the winter. So, this has been previously communicated. The winter version does have more detail, specifically, mentioning the conversion that's going to happen in January 2022. There's also social media messaging, that's going to begin probably next week. There's also a letter to large customers. That's being worked on, just a small number of our really large customers. I should mention with Yale, there has been specific communication with Yale, they are our largest customer and they get some special billing. So, definitely communication with them about how their self electronic process with them and what that new bill is going to look like and they have signed off on that in they're going forward bill.

Tony:

When you talk about special billing, I assume that you break out stuff in a way that they... You wouldn't make go for anyone else, but are they also getting a special rate?

Rochelle:

No, and it's really... It's an electronic bill and it's called the collected bill. So, the rates are all the same, but they do get an electronic format and they pay most of their locations, all in one big payment.

Tony:

Thank you.

Rochelle:

I mentioned meetings with your municipalities, that's being done by communications and outreach. And, Jamie, just to expand upon this, the meetings, as I understand, have been favorably received and one of the requests was for these poster. So, the posters have been made and I believe have been distributed and they're in English and Spanish. So, quite a integrated communications plan. And if there's no questions, I'm going to turn it over to Prem to give a project level update.

Prem:

Thank you Rochelle. Okay. So, a very quick product update. So, let's start off with the good news. So, the good news is that we are staying tuned with our plan. So, January 5th is our Go Live date, officially. We are on target in terms of our budget as well, as matter of fact we will be, slightly, under the budget, which is good news again. So, now going through a very quick update in terms of accomplishments, the team had already started working on testing some of our conversion programs from quarterly to monthly, a lot of functional testing has been executed from a process standpoint. From end to end standpoint. We also have prepared business validation [equity 01:35:28] and checklist, if you will, for example, trying to make sure that all the customers have been converted, looking at the customer number, some fact sheets, making sure that the billing is happening.

Prem:

We also are looking at exceptions handling, etc. So, all of the equities have been planned, which is great. Rochelle also touched up on the communication plan, as a matter of fact, Rochelle, myself and some of

the leadership team members are part of our governance team. So, we looked at the plan, we have approved it. So, we are going through all of these communications as I had mentioned earlier. So, those are the, I would say, immediate accomplishments in the team, in terms of current equities going down below, we still are executing a few financial reports we're testing that, to make sure it's accurate, etc. Right now, I think from a data standpoint, we are 99% accurate. So, the team is trying up of the reporting side of the house. We also are completing our... What we call user acceptance testing, which is UAT in here.

Prem:

So, just to make sure that all the processes across the company are working. So, that's actually been planned, it's planned to be completed. I believe it's Tuesday next week, which is when we have our [Gono 01:36:43] call. The team also have prepared a cut-over plan and then making sure we are preparing for our goal life. In terms of risk and issues we have been constantly monitoring the risk in terms of the product itself. Since it's a big bang approach, as we are converting all the customers, we are taking a system backup just in case if, for whatever reasons, if things don't go well, we're able to re instantiate the system as it is. So, it's one of our, I would say, precursor steps before we convert the data. As you all know, we are also going out with the rate change, not at the same time, but it's, kind of, the same.

Prem:

So, we have to really manage configuration. So, we don't intermingle the monthly billing with our rate changes. So, there's a whole separate exercise that's happening to make sure that... We are trying to treat these two things as two separate projects. So, we are trying to monitor that as well. In terms of next steps, we will be completing our [cador equity 01:37:42] as planned. Again, the Go Live readiness meeting to the sponsors, as I mentioned is happening next week. So, we'll be trying to close that out. In terms of January Go Live readiness, we actually have what we call as a [what setup 01:37:59], right? Basically, what it means is, we go through our daily updates, as a matter of fact hourly updates, as we start our conversion from January 1st, it'll go all the way to January 5th. So, we'll be monitoring all the equities what's happening as part of the project Go Live.

Prem:

Last but not least, I know we are also preparing for our, what we call a CIS RFP that's coming due. I know it says here as application February, me and Ted have been talking through. So, the more likely chances are once we go live with the project... The team is trying to work through some due diligence. So, we will be going to the application March. So, there's a slight shift in the timeline there, but that's very focused on the CIS implementation project. So, those are project highlights. So, everything is on target. The team is working really hard, making sure we are putting everything in place. One thing I would mention is that, although it's not directly related to the monthly billing, some of you heard about our [inaudible 01:38:55] safe product launch that happened last month. As a matter of fact, we are actually going live with another subsequent agile deploy...

Prem:

Be going live with another subsequent agile deployment, which is very focused on customer portal. And also, we are launching our mobile app. That's actually happening next week. Basically, in order to expand a customer experience, we put our products and services out there. We put a commercial billing. Now, we are going live with our mobile app on our customer portal. And eventually, we'll go live

with monthly billing and rate changes. That was the original plan and we're executing the plan. Any questions from anybody?

Jamie:

Bit of an overachiever, are you, Prem?

Prem:

We're working hard. The team is working hard, to be honest. The small team that we have here are trying to make sure that we are keeping everything on target. Thank you for the comment, Jamie.

David:

All right. Very good. Well, thank you for the update, because I know this is important as it only happens once and it's about to happen. I don't see any other questions. All right, Larry, back onto the rest of your report if you have any more. Thank you, Prem and Rochelle.

Larry:

That concludes my updates and I will introduce sunny tonight at the RPB meeting as well.

David:

Good. Well then, we come to item J, which is the application for the Lake Gaillard Water Treatment Plant.

Jamie:

Well, I need [crosstalk 01:40:26].

David:

I think so. I think we get to let you go home early, Jamie. Thank you. We'll see you tonight.

Jamie:

All right, I'll see you tonight. Thank you everybody.

David:

All right. Take care.

Larry:

Bye, Jamie.

David:

All right. I don't know if we want to go right to Orville and Jim or if we want-

Sunny:

Yeah. No, I'll just give a small intro to [crosstalk 01:40:43].

David:

Sunny? Right. Okay.

Sunny:

Yeah. First of all, I think, I would like to thank all of you here for the warm welcome. It's been great. Let me just give a quick intro on the combined application. It's going to be related to two projects associated with the Lake Gaillard Water Treatment Plant. The presentations, I think I will go into further details. It'll be presented with both Orville Kelly and Jim Hill, both from engineering and operations. Also, I think, with the application, there is a resolution for adoption. And I think there are two motions, one for protective order and another one for alternative financing. So with that intro, I think, I will kind of turn the floor over to Orville.

Orville:

Thank you, Sunny. Good afternoon everyone. [inaudible 01:41:32] opportunity to present the Lake Gaillard Clarifier, Recycle Pump Station, Concrete Restoration Project and the HVAC and Electrical Improvement application to you today. Presenting with me, as was already said, is Jim Hill, the Chief Operator of the water treatment. And of course, I'm Orville Kelly, Manager of Design and Construction in the engineering department. Next slide please.

Orville:

Project background, the Lake Gaillard Water Treatment Plant located in North Branford is a direct filtration plant that was originally constructed and went online in 1986. As [inaudible 01:42:12] 1991 to an 80 MGD Plant. It provides potable water and fire protection directly to New Haven and Branford service area and indirectly to other service areas through multiple pump stations and pressure reducing stations. This is the largest treatment plant operated by the RWA, which treats water from Lake Gaillard surface supply reservoir. Next slide please.

Orville:

The project approach. This multi-project application consisted of two distinct projects that will be bid separately. The Lake Gaillard Clarifiers, Recycle Pump Station and Concrete Restoration as one. And the HVAC and Electrical Improvement as the second. The multi-project application may include projects that are at the conceptual stage as well as those projects that are further along in design. The reason for this approach is that it provides multiple benefits included. It provides management with efficiency and flexibility to complete more projects on the one RPB application. With an increased number of projects expected to exceed the \$2 million RPB application threshold, multi-project concept will also, one, increased efficiency of conduct capital program and reduce time, expense and facility impacts. Next project, not... Next slide, please.

Orville:

The scope of the work. For the clarifier and the recycle pump station and concrete restoration. The wash water clarifier is used to remove solids from the backwash water and is then pumped or recycled back to the beginning of the treatment process. It also helps with tightening the residuals, thus reducing pumping and disposal costs. The primary equipment's in the clarifier to be replaced are the incline plates settlers, the sludge scrapers, the rate drives as well as frames for two of the four units. Also, it will

include installation of a new walk on fiberglass, reinforced plastic covers, new railings, walkway and the electrical work as needed.

Orville:

The recycle pump station. It is an important facility that is used to treat and water the plants, filter backwash water and pump the recycled water back to the head of the plant, making our plant operation more sustainable. Therefore, the scope will include replacements of new vertical turbine pumps, motors and variable frequency driver is VFDs includes new progressive cavity [inaudible 01:45:21] sludge pumps, piping and [inaudible 01:45:24] concrete equipment pads and associated electrical work. The concrete restoration includes chemical grout injections in crack to restore the structural integrity. So the concrete, as well as small concrete repairs in the main filter building pipe gallery and the recycle pump station. Next slide please.

Orville:

The HVAC and Electrical Improvements project scope. This project is in its conceptual stage at about 30% design. The HVAC includes complete replacement of air handling units, dehumidification unit, as well as exhaust fans, condensers, hot water boil plant. It also includes the replacement of the control system known as the Building Management System, which is RWA standardized [inaudible 01:46:24] control system utilized at other RWA facilities. The electrical and lighting improvements include the replacement and upgrades of lighting fixtures and fluorescent bulbs to LEDs, along with motion sensors, electrical conduits, and wiring as necessary.

Orville:

The Trombe Wall. The Trombe Wall is a passive solar system originally installed to provide hot hair to the dehumidification unit. The system is approximately 200 feet long or wide by 10 feet [inaudible 01:47:01] and it has not been functioning for over 25 years. These panels will be demolished, remove vegetation from inside wall cavity, seal duct opening and install new insulated metal panels with architectural facade. And at this time, I will turn over to Jim Hill, who will discuss the project needs, the alternatives, and I will return to close out with the budget schedule and conclusion. Jim Hill.

Jim:

Okay. Next slide, please. Thanks, Jennifer. So-

David:

[inaudible 01:47:40] on mute, Jim. Sorry about that. Thanks or and hello everyone. Next, I'd like to talk about the project need for the clarifiers recycle pump station and concrete restoration. As Orville indicated, the project will include replacement of the backwash water clarifiers recycle pump and sludge pumps. This part of the treatment process is designed to remove solids from backwash water and recycle clean water for reuse. Alum residuals pumped from the bottom of the clarifiers reduced to onsite drying the beds and waste water from the drying beds is collected and directed to the sanitary sewer. The metered flow to the sanitary sewer as it is at a cost to the RWA up to \$120,000 per year. Replacing clarifiers, which are beyond their useful life, will increase the reliability and resiliency of the Gaillard Water Treatment Plant by lowering turbidity and suspended solids of the recycled water, which will in turn incrementally improve filter effluent turbidity, and reduce disinfectant byproducts.

David:

The project will also reduce the frequency of manual cleanings of each clarifier. The design of the new clarifiers will remove solids more effectively and increase the concentration of Alum residuals directed to the drying beds, reducing the overall volume of water pumped to the drying beds. Less frequent clarifier cleaning and higher solids concentrations will reduce staff time for maintenance and lower those sewer use fees.

David:

The increased efficiency of the clarifiers will increase system capacity, allowing higher recycled flow without turbidity excursions, and maintain consistent recycled water quality. While the clarifiers are offline for maintenance, less water can be recycled, filter back washes are delayed, which temporarily reduces the Gaillard Water Treatment plant capacity. Degraded water quality from clarifiers also impacts the plant's capacity and degrades water quality to our customers due to incrementally higher filter effluent turbidities and disinfected byproducts. The project will also be a safety improvement. Treatment staff will have to perform up to 25 less confined spaced entries to clean the clarifiers, reducing risk of injury to our employees.

David:

The recycle pumps are currently more than 30 years old, have been rebuilt several times and are less efficient than when they were originally installed and require replacement. Replacing these pumps with more efficient pumps will reduce energy cost and reduce the risk of pump failure. Failure of one or more of these recycle pumps during periods of high demand from Gaillard Water Treatment Plant could lead to an overflow of the supernatant wet well, which is part of the recycle system. And essentially, we would have a discharge the environment resulting in an environmental permit violation and potential flooding in North Branford downgrading of the recycle pump station. Replacing these pumps not only improves pump efficiency and reduce energy costs, it also increases system reliability and reduces risk of further environmental impact. Oh, sorry. Future environmental impact. Next slide please.

David:

Next, I'll talk about the project need for the clarifiers recycled pump station and concrete restoration. As mentioned before, the sludge pumps will be replaced with positive displacement pumps, which have a better turndown. Essentially, they can operate over a wider range of flow and are capable of pumping higher solids content than carbon pumps. This will allow water treatment plant operators to more efficiently and effectively manage alum residual withdrawal sludge from the clarifiers. [inaudible 01:52:00] higher solids concentrations, RWA, will be able to reduce water discharge the drying beds, and therefore the volume of discharge of the sanitary sewer, reducing RWA's sewer use cost by approximately \$30,000 a year. We have experience with the proposed pumps, which are used in similar applications, both at the Whitney Water Treatment Plant and at the [inaudible 01:52:23] Water Treatment Plant. And we have determined that they are more reliable and require less frequent maintenance.

David:

The concrete restoration will increase structural integrity through grout injections and cracks in the [inaudible 01:52:37] in the Gaillard Pump Station and the Gaillard Water Treatment Plant pipe gallery. Cracks in the concrete are not only detrimental to structural integrity of the facilities, they generally lead to leaks and weeps in the concrete, which can create slip, trip and fall hat hazards for the employees. This project reduces safety hazards in those areas. Next slide please.

David:

Next, we'll talk about the project need for HHAC and Electrical Improvements. The current HVAC equipment and electrical wiring at the Gaillard Water Treatment Plant is required to maintain a temperature controlled environment in dry conditions for electrical equipment, including computer equipment, motor control centers, valve actuators, lab equipment, and chemical feed systems. Much of the equipment is near or past its expected service life. Also, the current HVAC building management system or control system is obsolete and can no longer be updated. New equipment will increase efficiency, reliability, and maintainability, and also reduce safety hazards through adequate dehumidification.

David:

The lighting will be updated with LED bulbs and motion centers. The lighting will use less energy and require less frequent maintenance because led bulbs have a longer lifespan. Also, where light fixtures [inaudible 01:54:14] in the human environments, the fixtures will be replaced with fixtures that are more suitable for a human environment. And the Trombe Wall, which Orville also mentioned, no longer functions due to degradation of the polycarbonate panels that used to be clear and allow solar energy in. The wall will be demolished, the opening sealed and replaced with the architectural facade. The energy savings of the Trombe Wall compared to the capital costs and continued maintenance cost of replacing and operating the wall does not justify its replacement. Next slide please.

David:

Now, we'll talk about the summary of alternatives for the clarifiers, recycle pump station and concrete restoration. The first alternative, the status quo, is not an acceptable alternative based on the, of the current equipment and was dismissed. The second alternative, to rebuild the recycled pumps. Essentially, the pumps have been rebuilt twice, have 20% less pumping capacity than the original design. And parts for the existing pumps may not be if available in the future. Newer, more efficient pumps and motors are available and we'll have a lower life cycle cost. So rebuilding the pumps is not a viable alternative.

David:

The third alternative, converting the system to alternative thickening technology while technically feasible, alternative thickening technologies are too class prohibitive to be practical. Centrifuges and other dewatering technology would require new construction and would not be able to take advantage of the piping and concrete infrastructure already in place. The fourth altern, which is the current project proposal is to replace with upgraded equipment. Installing new, more efficient, clarifier assemblies, more efficient recycle pumps and positive displacement sludge pumps is the most cost effective alternative to improve the reliability, operations, and maintenance of this section of the treatment process while incrementally improving water quality. This alternative addresses, safety, aging infrastructure, and labor intensive maintenance requirements by replacing equipment with more updated models. New equipment will be more energy efficient and RWA will incur lower sewer use fees. Next slide, please.

David:

Next, I'll talk about the summary of the alternatives for HVAC and electrical improvements. The first alternative, status quo, is unacceptable and was dismissed as an alternative due to the age of the current equipment, the maintenance required and the safety considerations. The second alternative is

replace in kind. In this scenario, the system efficiency would remain the same. The original HVAC load calculations do not meet current requirements. Additional electrical equipment, including servers for the Lake Gaillard Water Treatment Plant as a backup for the control room and for business continuity have changed load requirements for the HVAC system. The current HVAC system is not sized appropriately to handle the additional load requirements. In addition, replacing the Trombe Wall is an expensive alternative that would not provide enough benefit to justify the cost.

David:

The third alternative, which is the current proposal, is to replace with upgraded solutions, installing efficient equipment that is appropriately sized for current building loads. The temporary air conditioning unit in the control room will be replaced with equipment that is appropriately designed. Replacing the existing air handlers, boilers, fans, and other HVAC equipment would reduce maintenance costs and create a more reliable HVAC system and reduce the risk of potential failure of the HVAC system and electrical equipment. This project will also improve safety by improving lighting and energy efficiency with LED bulbs, improved dehumidification will reduce slip, trip and fall hazards as well as damage to [inaudible 01:59:07] due to corrosion. The Trombe Wall will be updated with insulated metal panels and an architectural facade. Next slide, please. At this point, I'll turn it back over to Orville, to talk about budget.

Larry:

All right. Thank you, Jim. The budgets for this project, as mentioned earlier, it's multi project application, including projects at conceptual stage. For this application, the HVAC and electrical improvement project is in its conceptual stage. Therefore, the cost estimate will not be as accurate as those designed at your 90%. The conceptual stage project contingencies are relatively higher at about 30%, which is consistent with the American Association of Cost Engineer, international standard practices. The inclusion of this conceptual stage project in the multi-project application will result in total project cost estimates that are in terms of a not to exceed dollar amount.

Larry:

And so, on the slide you're seeing, the top project, which is the clarifier, given a Class 1 rating from the AACE. And that is because it's within 90% design. And so, typically, accuracy is between 10% to 15% of the calculated cost, which is on the far right. And so we go with a minimum and maximum cost. Similarly, the HVAC and electrical below is given a type rating Class 3, because of its conceptual stage. And so, we are looking at a -20% plus 30% accuracy in terms of its contingency from its calculated cost, which you are seeing the max and the min.

Larry:

This equates to maximum of \$14,790 million. And of course, the request that we'll be putting in is not to exceed of \$14.79 million. The total combine project budget is of the \$14.79 million, of which we have spent on the clarifier to date \$118,000 with \$3 million budgeted in the FY '23 budget. And with the HVAC, a total of \$73,000 have been spent to date with \$1.1 million budgeted for FY '23. And of course, the budgeting FY '24 will be further defined once bids are received. Next slide, please.

Larry:

We look at the proposed schedule for the clarifiers and the recycle pump station as well as the concrete restoration. We anticipate RPB action in March of 2022, with anticipated meeting between June and July

of 2022. Construction started in August with completion and startups sometime in November of 2023. Similarly, with the HVAC and electrical improvements. Because of its conceptual stage, once we get the action in March of 2022, we anticipate going to final design and bidding, April through October, 2022. Construction and startup in December of '22 and startup of the unit and system in May of 2024. Next slide, please.

Larry:

And so, in summary, the Lake Gaillard Water Treatment Plant is the largest water plant with a rated capacity of 80 MGD. It is a critical facility that supplies on average, approximately, 61% of the total water to the RWA distribution system. Therefore, the proposed project will replace aging equipment that has reached the end of its useful life. It will increase operational flexibility and clarify up time by reducing amount of solids recycled to the beginning of the treatment process. It will reduce maintenance and labor efforts throughout the facility with less confined space entries and a 25% higher capacity to recycle. It improves overall efficiency, safety, and reliability by replacing aging pumps, HVAC system and electrical system as well. And new, more efficient HVAC and electrical equipment will be appropriately, sorry, sized, requiring less maintenance. And with that, thank you very much for your time. We will open up now for questions, if there are any.

David:

A thorough report, we'll see if there's any questions. If not, there were three motions in here. One of them was written in two different places, but three motions that would necessitate our action. First, are there questions from board members?

Catherine:

I have a few.

David:

Yeah.

Catherine:

Okay. You say savings on the sewer fees is about \$30,000. What is our annual cost for sewer use charges on an annual basis? In other words, what's the percentage of savings?

Jim:

So it depends on typically depends on flow, but the last couple years it's been about \$120,000 a year.

Catherine:

Okay. So about a quarter. Right. Okay. Then, I'm just wondering mainly because this is personal [inaudible 02:05:18]. It's like... Are there anticipated disruptions and service as this construction goes on?

Jim:

No. The plan would be to take one clarifier out at a time and replace it, so we'd be able to have continuity of operations during the project. Same kind of thing for the sludge pumps, the recycled pumps, would be one at a time.

Catherine:

And final question, do we reserve for anticipated costs of this type of large project? I know that we do a lot of borrowing, but if we know that equipment has a 30-year life cycle, is there any thought to reserving something for replacement in the future?

Rochelle:

Maybe I'll answer that. Catherine, we wouldn't put money aside for that far out in the future. But when we [inaudible 02:06:19] for example, when we did our 10-year modeling, this project was definitely incorporated.

Catherine:

Thanks.

Orville:

Also, just to add to that, to Rochelle, is that these projects were identified based on our CIP, which is our capital lab improvement plan. And so, we are looking ahead in terms of life on our equipments and based on that, we make plans for that on our capital programs.

Jim:

If I could add one thing here, too. The more preventive maintenance you provide to assets. The longer the useful life and the lower the capital costs. So we're very cognizant of that as well.

David:

Right. Any more questions? All right. What's your pleasure on the three motions? Would someone like to move them?

Rochelle:

David, I do want to mention there's a financing one also.

David:

That's the third one. Yeah, there's this one, which was in two different places, that Jennifer has put up.

Rochelle:

Oh, okay.

David:

There's the protective order one. And there's the financing one. Am I correct? Good. So would someone like to move those three? Don't be shy.

Suzanne:

I'll move all three motions as presented.

David:

Thank you. Is there a second?

Catherine:

Oh, I'll second.

David:

Second by Catherine. Any further discussion?

Suzanne:

Yeah. I just have a quick. And this might have been said at the very onset of the presentation. Normally, we'll go through the details of a capital project during the capital planning part of the budget on an annual basis. And of course, this is not the first time we're hearing about this project. Is there any reason... Is this like a refresher to remind us about the fact that the project is now go... We're moving forward with financing? So we revisited the project or... Why now?

Orville:

I believe this project came on the books last year, where we were doing on the preliminary design. It was always intended to be a multi-year project, where we do the preliminary design and then in the following year, we take it down to the RPB, and then from the RPB, we go into construction. That was always the original intent.

Rochelle:

[crosstalk 02:08:52] Suzy, this is the official submission of the actual application. That actually we go from the authority to the RPB.

Suzanne:

Because of the cost of the projects?

Orville:

Right.

Suzanne:

Okay, perfect. Thank you.

David:

We'll see a similar presentation, maybe not quite so much detail. But we'll see similar presentation next month, I believe for the dam project, but maybe a high level. All right.

Suzanne:

Yeah. My only point is that if we have approved the project, meaning if we have approved the project as a board, and this is simply to present the application because it's over a certain amount of money, we can probably get a more executive perspective on the project. I really appreciate... I don't want to take anything away from the detail of the project, because I think it really shows us the amount of effort that everybody goes through to drill this down and the alternatives that have been considered. But I do think

that that's part of the original concept of the project, going forward. I don't know if that makes sense to everybody.

Catherine:

Yeah. I appreciate Suzanne's comments, but for me, we can even do it offline. I would just like more detail about these projects that we're considered by the board before I became a member. That's just a request.

Suzanne:

Understood. Understood.

Ted:

If I could just clarify for a second. That Suzanne, the budgets for the project in the FY '23 and '22 budgets were approved by the authority, but the projects themselves were not approved to go from the authority to the RRP, because they are RPB projects. I knew we all know. [inaudible 02:10:37] require former approval. What was approved was really just okay to proceed.

David:

All right. Very good. Any other comments or questions? Sensing you're ready to vote. All those in favor, signify by saying "Aye".

Group:

Aye.

David:

Five voices. Very good. Okay. Pass as unanimously. That was the last item on our agenda. I want to wish everybody a very Merry Christmas, happy new year. Enjoy the holidays. I wish you all the best with your families and friends.

Suzanne:

Thanks, David.

Catherine:

Thank you, David. [crosstalk 02:11:15].

Suzanne:

Best to everybody.

Jennifer:

Thank you. [crosstalk 02:11:18].

David:

Now, who would like to make the motion to adjourn, though? We just want to do that.

Catherine:

I move we adjourn.

David:

All right.

Suzanne:

I'll second.

David:

All right. All those in favor of saying goodbye by saying "Aye". Aye.

Group:

Aye. [crosstalk 02:11:28]. Be well, everyone.

David:

That's unanimous. Take care all.