

South Central Connecticut Regional Water Authority

Minutes of the December 21, 2011 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority was held Wednesday, December 21, 2011 at the office of the Authority, 90 Sargent Drive, New Haven, CT, Chair DiSalvo presiding.

Present: Authority – Messrs. Bell, Cermola, DiSalvo, Edge, Marsh
Management – Mss. Bajoros, Discepolo, Dyer, Mr. Bingaman
RPB – Ms. Gutierro, Mr. Borowy
Staff – Ms. Yoder

The Chair called the meeting to order at 8:00 a.m. Mr. Cermola made a motion to add “Approval of Appointment of Vice President of Service and Technology” to the agenda as the second item of business. Mr. Bell seconded the motion and the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

On motion duly made by Mr. Bell, seconded by Mr. Cermola and unanimously carried, the minutes of the meeting of the Authority held on November 16, 2011 were approved as distributed.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Bingaman introduced Jean Zanella Dyer and briefly summarized her background, experience and accomplishments in prior positions. He stated he had appointed Ms. Dyer as Vice President of Service and Technology effective January 3, 2012 and requested that the Authority approve his appointment. Mr. Edge moved for adoption of the following resolution:

Resolved, That in accordance with Section 8 of Connecticut Special Act 77-98, as amended, the Authority hereby approves Mr. Bingaman’s appointment of Jean Zanella Dyer as Vice President of Service and Technology effective January 3, 2012.

Mr. Bell seconded the motion and, after brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 8:05 a.m., on motion duly made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Audit-Risk Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 8:15 a.m. the Authority reconvened.

Ms. Discepolo reviewed the November 2011 monthly financial report. She commented on draft, cash collections, operating revenues, operating expenses, interest income and the projected fiscal year 2012 maintenance test. She reviewed the quarterly financial report, focusing on the balance sheet and projected maintenance test with various assumptions.

A schedule of Capital Improvement Budget Expenditures for January 2012 was presented. Mr. Cermola moved for adoption of the following resolution:

Resolved, That the Controller is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$1,352,000 for the month of January 2012 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2012 for all Capital Improvement Projects to be exceeded. In the absence of the Controller, the Vice-President – Business Planning, Development and Finance or the Vice-President – Operations and Engineering is authorized to sign in her place.

Mr. Bell seconded the motion. After brief discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

In accordance with the Authority's Capital Budget Amendment Procedure, the Authority was notified in writing of the following fiscal year 2012 capital budget account transfers:

- \$64,000 from Trucks to West River Water Treatment Plant Improvements;
- \$27,000 from Ford Street Pump Station Reconstruction to 90 Sargent Drive – Miscellaneous Improvements;
- \$7,100 from Trucks to Safety Vacuum;
- \$6,000 from Trucks to Customer Service Monitor;
- \$225,000 from Lake Saltonstall Intake Modifications to SAP Post Implementation Functionality;
- \$115,000 from Lake Gaillard Water Treatment Plant Improvements – Phase V to SAP Post Implementation Functionality;
- \$60,000 from 90 Sargent Drive Electrical Improvements to SAP Post Implementation Functionality;
- \$100,000 from Saltonstall Ridge Tank Painting to SAP Post Implementation Functionality.

Mr. Bingaman and Ms. Bajoros presented an update on the post-implementation status of SAP and management's recommendation regarding next steps. Their presentation included an overview of the post implementation stabilization process to date, Deloitte's and SAP's proposals to address issues with the dunning process, SAP's proposal with respect to property closing process issues, the scope and results

of SAP's quality assurance design review to assess how well the RWA SAP system functions with focus in the areas of governance and program management, dunning, customer service, billing, device management, work management and property closing. Mr. Bingaman reviewed SAP's proposed solution to address the key critical risks identified, including the phased approach, timeline and SAP's estimated consulting fees, exclusive of expenses. He requested approval of the project to correct the functionality of the SAP system at an estimated total capital cost of less than \$2.0 million, based on currently-available information. Discussion focused on estimated project costs, benefits and risks, the proposed phased approach, RWA staff resources required to support the project and related costs, sources of funds, the intent to fully brief the Representative Policy Board regarding the proposed solution, continual assessment of the need for an application should project costs increase and the need for a public communication strategy. Mr. Bell moved for adoption of the following resolution:

Resolved, That the Authority approves the project to correct the functionality of the SAP system at an estimated capital cost of less than \$2.0 million and authorizes the Chief Executive Officer to proceed with negotiations and retain SAP to provide the solution.

Mr. Edge seconded the motion and, after additional discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

The Authority agreed to postpone the Infrastructure Update to a future meeting.

At 10:25 a.m., on motion duly made by Mr. Edge and seconded by Mr. Cermola, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Strategic Planning Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 10:30 a.m. the Authority reconvened.

The Chair stated it would be appropriate to elect Authority officers for calendar year 2012. Mr. Cermola nominated Mr. DiSalvo to serve as Chairperson for a two-year term effective January 1, 2012 and until a successor is elected and has qualified. There being no other nominations, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Marsh nominated Mr. Cermola to serve as Vice Chairperson and Mr. Edge to serve as Secretary-Treasurer with each to serve for a one-year term effective January 1, 2012 and until a successor is elected and has qualified. There being no other nominations, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

The Chair reviewed past discussion of the optimal size for the Authority. He invited discussion by current members. Mr. Borowy summarized recent discussion by the RPB Executive Committee and its conclusion that there was no current need to increase the number of Authority members. At the conclusion of discussion, it was the consensus of the Authority members that there was no compelling need to recommend a change in the size of the Authority at this time.

Authority members reported on their attendance at recent RPB committee meetings. Mr. Marsh reported on two meetings held by the Joint Committee on the RWA Enabling Legislation. Chair DiSalvo commented on the revised timeline with the intent being to request changes to the legislation in the 2013 legislative session. Assignments for attendance at first quarter 2012 committee meetings were made.

Mr. Bingaman stated that his update related to strategy and negotiations with respect to pending litigation. The Chair proposed to re-order the agenda and go immediately into executive session. There were no objections.

At 11:00 a.m., on motion duly made by Mr. Cermola and seconded by Mr. Bell, it was voted unanimously to go into executive session to discuss strategy and negotiations with respect to pending litigation. Present in executive session were the Authority members, Mss. Discepolo, Dyer, Yoder and Mr. Bingaman.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 11:25 a.m. the Authority reconvened and, on motion duly made by Mr. Cermola and seconded by Mr. Marsh, it was voted unanimously to recess the regular meeting to allow the Authority to meet as the Pension, Benefit & Compensation Committee.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 12:10 p.m. the Authority reconvened.

Mr. Bell reported briefly on the Pension, Benefit & Compensation Committee's discussion of management, its review of the Chief Executive Officer and its compensation recommendations. He moved for adoption of the following resolution:

Resolved, That effective January 1, 2012 the salaries of the following members of the Leadership Team of the South Central Connecticut Regional Water Authority shall be as follows:

Vice President, Business Planning, Development & Finance...	\$167,648.00
Vice President, Water Quality & Outreach.....	\$166,303.80
Vice President, Operations & Engineering.....	\$153,000.00
Senior Manager, Employee Relations, Learning & Growth.....	\$109,720.00

Mr. Cermola seconded the motion. At the close of discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Marsh moved for adoption of the following resolution:

Resolved, That the Authority accepts the Leadership Team recommendation that, in view of RWA's fiscal issues, pay for performance bonuses for Leadership Team members not be paid for this performance year.

Mr. Cermola seconded the motion. At the close of discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Marsh moved for adoption of the following resolutions:

Resolved, That that Authority respects and accepts the recommendation of the Chief Executive Officer that, in view of RWA's fiscal and SAP functionality issues, he receive no increase in compensation, no performance bonus and continue to forego for the third time his car allowance, and

Resolved, That the Authority expresses its great confidence in the performance of the Chief Executive Officer and commends him on his leadership; and, accordingly his compensation will again be reviewed at mid-year 2012.

Mr. Cermola seconded the motion. At the close of discussion, the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Cermola made a motion to add "Consideration of Honorary Resolution" to the meeting agenda. Mr. Bell seconded the motion and the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Mr. Cermola moved for adoption of the following resolution:

Whereas, C. Anthony Edge has served the South Central Connecticut Regional Water District as a member of the Regional Water Authority; and

Whereas, Tony became a member of the Authority in February 2002, and served with great dedication as Secretary-Treasurer since January 1, 2010; and

Whereas, Tony led the Authority in working with management on benchmarking initiatives in 2002 and chaired the Authority Strategic Planning Committee since it was established in February 2010; and

Whereas, Tony served on the RPB Dashboard Development Task Force in 2006; and

Whereas, Tony displayed deep commitment to the mission, vision, and values of the Authority; and

Whereas, Tony faithfully contributed unselfishly of his time and talents to the Authority and participated at all times in a gentlemanly fashion while blending strategic management with his engineering knowledge and experience; now therefore be it

Resolved, That the South Central Connecticut Regional Water Authority hereby congratulates Tony, gratefully acknowledges his ten years of dedicated service, and wishes him well in the future.

Mr. Bell seconded the motion and the Chair called for the vote:

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

At 12:15 p.m., on motion duly made by Mr. Cermola and seconded by Mr. Marsh, the meeting was adjourned.

Bell	Aye
Cermola	Aye
DiSalvo	Aye
Edge	Aye
Marsh	Aye

Anthony DiSalvo, Chair