

**Representative Policy Board  
Finance Committee  
South Central Connecticut Regional Water District  
Via remote access**

**MEETING TRANSCRIPTION**

**Monday, June 8, 2020 at 5:00 p.m.**

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**ATTENDEES:**      **Finance Committee Members:** Tim Slocum, Tom Clifford, Charles Havrda, Vin Marino, Michelle Verderame and Jamie Mowat Young

**RPB:** Mario Ricozzi, Peter DeSantis, Brian Eitzer and Bob Harvey,

**FMA:** David Borowy, Joseph Cermola and Kevin Curseaden

**Management:** Larry Bingaman, Linda Discepolo and Rochelle Kowalski

**OCA:** Jeffrey Donofrio

**RPB Staff:** Jennifer Slubowski

Tim:

Okay. My clock just said it was five. So I'm going to start. I will just indicate that I got a note from Jennifer stating that we'd be visited by some Land Use members. We've got Joe Oslander, Brian Eitzer, Bob Harvey, although I haven't seen him yet, also Peter DeSantis from North Branford, the new guy, and Kevin is joining us from the Authority. So with that, I will move us on to the safety moment. It's a good safety moment. I have mowed my lawn several times and I don't think I broke any of these rules, but it's always good to review them. With that, we'll move into this special topic. That's Executive Order 7W, which is an interest deferment statement. Rochelle, I understand you're going to be updating us or is it Larry?

Rochelle:

Maybe some combination.

Tim:

Combinations are fine by me. I know we're getting lots of executive orders shot about from everywhere. So whoever wants to introduce it, I welcome it.

Larry:

Rochelle, why don't you kick it off?

Rochelle:

Okay. So I think you might recall when we did the budget presentation that we had made an assumption that we would not be doing actually proactive collections until basically January of 2021. And that was really to be mindful of the economic conditions that our customers are facing. Also, you may recall that there was an Executive Order 7W that pertained to subdivisions, which was basically the same as Executive Order 7S that pertained to municipalities. It gave a choice of deferment or a lower interest

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rate to a 3% level. You might recall that we selected the deferment, which is basically a 90 day deferment as well as not billing interest.

Rochelle:

So we haven't been billing interest since March 16th. That was reflected in our revised budget and what we'd like to discuss this evening is given that the Executive Order ends on July 1st, I can [inaudible] to not charge interest until the end of December of 2020. I mentioned that in the Executive Order 7S, and for 7W, those that selected the deferment, it does include the July 1st tax payment, which is deferred until October 2. And so I just want to mention that. So for us, our request is to not charge interest until the end of the calendar year, and it is already reflected in our revised budget.

Tim:

Rochelle, if I may, how many people, just in a guess, would be actually advantaged by this or are taking advantage, or is it too soon to know?

Rochelle:

So the way we've implemented, we are not charging any customer for interest. So it's not just those that that was an option. It's not just those that can indicate that they are impacted by COVID-19.

Tim:

No, I understand that. I just wondered what is the real impact. I mean basically, you've said a hundred percent of the people can take advantage of the program, but actually, what is the result?

Rochelle:

It's actually quite a number of customers that are impacted that are over 30 days.

Tim:

Okay.

Rochelle:

Quite a number. From a dollar perspective, if we looked at what we had assumed in our original budget, which by the way, for interest, we assume we're pretty low collectability because it is the first thing that does get negotiated. So the difference between our revised budget and our original budget is about a \$475,000. And that does already adjust for our not charging interest mid-March through the end of fiscal '20. So from a cash perspective, it's not a very significant amount and our feeling that it's the right thing to do for our customers.

Tim:

Right. And I understand that. I just wondered what the material impact. I mean, does it demonstrate 8% of our customers are suffering this, or it's 10% or it's 1%? I mean, do you have something to quantify?

Rochelle:

I do, it's definitely more than 8%. Hold on a minute.

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Linda:

I think it's about 23% when we were looking at it.

Tim:

So, it's 23. Well, it's interesting because I know I'm on the Town Council in my town, and of course we had to respond in the same way regarding tax collections. And we decided we'll let the taxpayers select either one that's preferable to them. So we have no idea of knowing, but we also know that we got 51% of our tax collections by way of banks, because they're collecting taxes in escrow accounts, but by and large, it still does give a pretty good escape route. And I would imagine that I would think 20% of the taxpayers in Cheshire that are paying, just writing a check or whatever, might take advantage.

Rochelle:

We have, I was just looking probably at the same file that Linda has. Over 27,000 customers have balances more than 30 days.

Tim:

Okay. So 27,000. Okay.

Linda:

You look at it, you assume about 118,000 customers. It comes to about 23%.

Tim:

Okay. Okay. Thank you. That's very helpful. Okay. And of that total, is there any way of have you brought it down to how many might be business customers, commercial customers, because I know that's a different setup, but certainly an impactful one.

Rochelle:

I don't have that broken out.

Tim:

Okay.

Rochelle:

Most of our customers are residential, but having said that, some of our problematic customers are definitely commercial.

Tim:

Right. And some of those same commercial accounts...

Rochelle:

They have the bigger balances...

Tim:

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And they may also be the ones that are the hardest pressed in a recovery mode to actually come forward and pay up. Okay. Any other questions [crosstalk 00:07:46].

Rochelle:

I think when we come out of this, I mean, the idea would be when we start the proactive collections again, to do targeted collections.

Tim:

Is there any other members that may have a question or a comment on this? Well, I'm going to ask just one more. You did state that through July 1, there's no interest charging. So what's the next step there? The heavy hand comes down at that point, or how does this actually work?

Rochelle:

So our proposal would be to not charge interest through the end of the calendar year.

Tim:

Okay. You did state that. Okay, thank you.

Rochelle:

Right and I thought it was interesting that for the municipalities that have that July 1 tax payment that was referenced is being deferred to October 2. So even though technically the lower interest in the Executive Order ended July 1, they did include that July 1 tax payment.

Tim:

Right. But most taxpayers make two tax payments. So they pay in full by the end of the year. And that one will be due when it's due.

Rochelle:

Right.

Tim:

So we're consistent.

Rochelle:

So this does need to go to the committees and then to the RPB, if it's agreed, because it is basically a zero interest rate.

Tim:

Mm-hmm (affirmative). So that being said, this is advisory. You need a motion, you just need a bless, what do we need from here?

Rochelle:

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We would like, if you're agreeable, a recommendation and then if the committees that we present it to are agreeable to the recommendation, it will be voted on at the June RPB meeting and we will have a prepared resolution.

Tim:

Okay. So it seems to me the next step here is that our committee formulate a recommendation and we can just basically let that happen, I suppose. So if I could get that recommendation advanced in whatever form, I don't know if you really second one, but in the meantime, I do think it does allow for discussion among other members since I'm the only one that's been out the last conversation that I'm aware of. So if somebody could make that advance, the recommendation in the form is described, I'd appreciate that.

Tom:

Tom Clifford moves that.

Tim:

Okay. Thank you, Tom. Okay. Who was the secondary?

Vince:

Vin Marino.

Tim:

Okay. Thank you. Okay. Well that being done and said, any further discussion on this, any input from our members?

Brian:

Brian Eitzer, I think given the extraordinary circumstances, people are going to be hurting for a long time. And I think that is a good move for the community, for the Water Authority to give people a break. I can't see... Yes, it hurts in their impact in terms of the bottom line on our profit, but it's the right thing to do.

Tim:

Right.

Brian:

[inaudible 00:11:21] I don't know if you want me voting on this, since I'm not on your committee, but I certainly would support the motion.

Tim:

Right. I think that's great. And any other members want to speak up to that or give me a sense of, so they can walk away with a sense? So I'm not getting a sweeping endorsement here or non-endorsement.

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Charles:

This is Charles. I support it. It's going to be interesting to see come fall what we'll have a better sense of what the impact will be, because I don't know. I mean, some communities are optimistic and some are not. So I think we have to do it at this point in time and hope for the best, but it's going to be interesting in the fall if things go better than they are now.

Tim:

Right.

Charles:

But we have to do it at this point. I mean, it just the right... Like Brian said, we got to do it.

Tim:

Yeah. Okay. Well, I certainly would concur. I think we all recognize that there's a lot of unknowables, including the experts that don't seem to know much of anything either. So I think we just have to hang in there and probably just act responsibly. I think this is a responsible way to act. There's really no penalty really until the end. And we'll just have to see what does happen. So if no one has anything else to say, I'm going to have to accept the fact that we're passing this motion along as a recommendation. Okay.

Charles:

Right.

Tim:

Okay. So that's what we're doing. So you're off the hook, Rochelle. You got one win under your belt.

Linda:

I should also let you know, this is also on the agenda for the consumer affairs committee meeting next month.

Tim:

Okay.

Linda:

So they're going to be weighing in also, so you can all speak together at the full RPB meeting.

Tim:

Okay. Thank you. Thank you for that. Well, with that, we'll move on to the quarterly report of the RPB approved projects. That was distributed, at least I think it was distributed, this afternoon. And we're going to hear a report on that from Rochelle.

Rochelle:

Yes.

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Tim:

Thank you.

Brian:

Quick question, now that we've been through that, do you need the people who aren't in committee to stay on, or...

Tim:

You're certainly welcome, Brian, but you can lean out whenever you choose. I think that's reasonable for anyone who's a guest, so to speak.

Brian:

Okay. Then I'll pass off [crosstalk 00:14:02].

Tim:

Okay.

Brian:

I've got another committee meeting on Wednesday.

Tim:

Okay. Thank you much. Okay. Rochelle, you got the floor.

Rochelle:

Okay, I'm not going to read all the verbiage that's here, but just as far as the highlights, I think everyone's familiar with Ansonia Derby Tank and that there is litigation. You can see in the rate up that the hearing was delayed due to COVID-19. From a financial perspective, I just mentioned a couple of things. You may also recall that the budget for this project was reduced in fiscal '21. So that was consistent with unexpected [inaudible 00:14:53], given the COVID-19 and the impact that that will have on the timing of getting through the litigation. Also, just want to mention the project is also one of our DWSRF projects, as far as expecting some low cost DWSRF financing for this project when it goes forward. The Brushy Plains Water System Improvement, this is expected to be completed in [inaudible 00:15:23] quarter of fiscal 2021. Also, there is a small piece of this project that is also planned for DWSRF financing.

Rochelle:

The RTU Upgrade project. The timing of this was also re-evaluated it is part of relooking at our capital budget. So there was a timing adjustment for this project. The fiscal '21 budget for this project was lowered by about 400,000 from what it would have been. So the anticipated timing is now August of 2021. And this is also a project targeted for DWSRF financing. The Branford Hill Service Area Improvement. This is the project that was most recently approved by the RPB. We appreciate your support in getting the approvals done quickly. Given the situation with the project at this point, there's

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just some discussion going on with Connecticut DOT regarding our pavement restoration. And we're expecting this project to complete in August of 2020. Any questions?

Tim:

No questions from me anyway. But I would like to add that Ted had sent me a note the other day, indicating that the AMI project was no longer on this update because the quarterly update contract with Census has been completed, but there is remaining work including installation of roughly 3,800 meters by staff. So again, that's just an update from Ted I wanted to pass along in case those paying attention noticed it wasn't there. Any other members have a question of the report for Rochelle?

Rochelle:

And I will just add on AMI. That's another project that we're going to, working on getting our fourth tranche of the DWSRF financing for that project.

Tim:

Mm-hmm (affirmative).

Rochelle:

[inaudible 00:17:38] in fiscal '21.

Tim:

Okay. Okay. So I guess that makes number four complete and we move on number five. And this is notification of committee chair election for July, 2020. That's a big, important date for most of us. I guess that's just the notification. So beyond that there's...

Jennifer:

Tim?

Tim:

Yes?

Jennifer:

Did you do the minutes yet? The approval of the May 11th minutes?

Tim:

Oh, I guess I skipped over the minutes. Thank you. Yeah. That's rather important. That was a pretty important meeting, wasn't it?

Jennifer:

I didn't know if I missed it.

Tim:



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No, you didn't miss it. You were also kind enough to do the minutes. I do appreciate that. Yes, there is. There were minutes presented and sent for us to take a look at and I would ask for a motion to approve minutes for Monday, May 11th.

Tom:

Tom Clifford moves.

Jamie:

And Jamie Young, second.

Tim:

Okay, we have a motion, we have a second. Any discussion? I guess that means they pass muster. All in favor.

Group:

Aye.

Tim:

Opposed? Looks like we got all ayes and now it looks like all eyes are on adjournment. So I'll ask for a motion to adjourn.

Vince:

So moved.

Tom:

So moved.

Tim:

We have one from Vincent. Thank you, Vincent. Thank you. Thank you. And so ends the meeting. It was a pleasure guys. That was nice and efficient. Thank you much.