

**Representative Policy Board
South Central Connecticut Regional Water District**

**August 20, 2020
Meeting Transcription**

A regular meeting of the Representative Policy Board (“RPB”) of the South Central Connecticut Regional Water District took place on Thursday, August 20, 2020, via remote access. Chair Ricozzi presided.

PRESENT

RPB

Ansonia	Thomas P. Clifford III
Beacon Falls	Peter Betkoski
Bethany	Brian Eitzer
Branford	Mario Ricozzi
Cheshire	Timothy Slocum
Derby	Frank Pepe
East Haven	Michelle Verderame
Guilford	Charles Havrda
Hamden	Stephen Mongillo
Killingworth	Jamie Mowat Young
Madison	Joseph A. Oslander
Milford	Richard Smith
New Haven	Naomi Campbell
North Branford	Peter DeSantis
North Haven	Anthony P. Rescigno
Orange	Jasper J. Jaser
Prospect	Robert E. Harvey, Jr.
Seymour	Mike Horbal
West Haven	T. Gregory Malloy
Woodbridge	Mark Levine
Governor’s Rep	Vincent M. Marino

Regional Water Authority

Anthony DiSalvo
David Borowy
Joseph Cermola
Kevin Curseaden

Management

Larry L. Bingaman
Rochelle Kowalski
Beth Nesteriak
Edward O. Norris III
Jeanine Reckdenwald
Premjith Lakshman Singh

Counsel

Bruce McDermott

Office of Consumer Affairs

Atty. Jeffrey Donofrio

Staff

Jennifer Slubowski

Mario:

In that case, it's 6:30. I'll call a regular meeting of the RPB to order. The first item of business is the safety moment on bees, wasps, hornets, and be careful and watch out. You left ticks off of this one, but that's okay. There are out there and so are the mosquitoes this year. Extremely nasty, at least in the areas I've been traveling. So, please read through it and observe the precautions.

Brian:

And EEE has already been seen in the mosquitoes.

Mario:

Yes, in growing number. The second item of business, if there's no questions on that, is the approval of the minutes of July 16th. Is there a motion?

Greg:

So moved.

Frank:

I second.

Mario:

Mark seconds. I think.

Mario:

Okay. Any corrections, additions, amendments? All in favor?

Group:

Aye.

Mario:

Opposed? And abstaining? Okay, motion passes. Very good. We're on to communications. First item is the nominating committee for the Authority member beginning January 1st of '21. I really appreciate all the interest that people wanted to be on the committee, so that's really great. So unfortunately I had to weed it down. Usually it's trying to ask a couple of people to join in. So, Greg Malloy will be chairing. Tony Rescigno, Michelle Verderame, Tom Clifford, and Tim Slocum. So I think Greg will work with Jennifer to try and put together a schedule and pick a date, and try to get together and work our way through this. This is the member from New Haven. So we did send a letter off to the mayor, requesting nominees and suggesting that Joe Cermola's been doing a good job. So we'll see if we get a response.

Mario:

We did also receive a thank you card from Linda Discepolo that she had enjoyed all the time she's worked with the RPB and so she thanked us all for that. And she's enjoying her retirement now. Not officially though, yet. She still has another day or two. We did get re-appointments for Peter, Jamie, Brian, and Jay. And we're still waiting on Michelle, Naomi, and Vin [inaudible 00:06:14]. So we'll see if anyone calls. You heard anything, Naomi or Michelle?

Naomi:

No, I have not.

Mario:

Okay. Michelle have you heard anything?

Michelle:

I heard that they were going to nominate me back, but I just haven't gotten the paperwork or anything.

Mario:

Okay. Keep us posted.

Michelle:

Will do.

Mario:

I know that the governor's been a little bit busy. So Vin will wait on that. And unless there's any other communications that I missed, Jennifer? Or from anyone else?

Jennifer:

I think you got them all.

Mario:

We can move on to reports. Is Tim on the line?

Tim:

Tim is on the line and he's on the hook.

Mario:

Thank you, sir.

Tim:

Okay. Well, our last meeting was August 10th, Monday, as usual. And the primary conversation that took place was Ms. Kowalski's presentation of model scenarios for discussion, really. Really reviewing the models that were worked on last year and used as guidance, basically focusing on depreciation coverage, pension, other post-employee benefits, non-core water revenue declines, reserve fund balances. And obviously, under consideration is affordability and rates, capital requirements, allocation of pension contribution reductions, and of course, the impact of COVID-19. The committee was asked to make suggestions if they had anything crawling around in their minds and wanted to discuss. And in general, there was some discussion regarding all of it, but thought the presentation by Ms. Kowalski really represented guidance going forward, made sense. And that sort of summarizes it. Nothing final, but that's what they're going forward with. That's my report, Mr. Chairman.

Mario:

Any questions for Tim?

Greg:

Yeah. Hey, Tim. This is Greg.

Tim:

Yes, Greg.

Greg:

Did you go over the receivables? Have they slowed up because of the COVID?

Tim:

We didn't specifically go over that. Larry expressed ongoing concern that water consumption is way up and will we get paid for it. I mean, that was an expression of concern. But there was no detail requested or given at the meeting. So that might be good follow-up for later this evening.

Greg:

Okay. Thank you.

Tim:

Yup.

Mario:

Other questions of Tim?

Mark:

At today's RWA meeting, this talked about receivables and they said they haven't seen any real impact yet.

Greg:

No? Okay, thanks, Mark.

Mark:

No problem.

Mario:

Very good. Any other comments on finance? Hearing none, we'll move to the land use committee, if Peter's here?

Peter:

I'm here. Good evening everyone. We had our meeting last Wednesday, the 12th, at Lake Bethany. Hatfield Hill Road in Bethany. Outside, believe it or not. We kept our social distance. We had a pretty good turnout. A great turnout, actually. John Triana gave his usual report. I'm trying to follow Mark Levine's... We have no drought status at the moment. And we're doing pretty good there. So, John went through his report with all the rental houses, the forestry, the recreation, special permits, et cetera. But the exciting part was we had our... Oh, wait. Also, the invasive species job at Furnace Pond is pretty much complete. And they're going to be having a drone video for us in the future so we could see how exactly it all went down, because we never were able to get out there. We had our forester, Mr. [Amandola 00:10:29]. Is that how you say that? Help me out, Jennifer.

Jennifer:

Amendola.

Peter:

Amendola. Okay.

Jennifer:

Alex Amendola, yes.

Peter:

Alex. I like Alex better, but okay. He also explained the harvest project on Lake Bethany. Explained how they weaned out the trees, did some logging and et cetera. We had our two engineers, Rose, and who was the other gentleman there? Mr. Savoy? Is that how that was, Jennifer.

Jennifer:

Yes, that was Cody Savoy. Yes.

Peter:

Cody. Cody and Jennifer. Cody and Rose. And they gave an update on the dam, which is a really impressive dam there, so. And then, we adjourned at 6:27. It was a great, great turnout. Any questions?

Tim:

Yes, I have a question.

Mark:

What's the reservoir levels?

Peter:

The reservoir levels? Yes, the current year was 83, previous year 94, historically, 81. That's it. Is that what you're looking for, Mark? Hello?

Greg:

He's muted.

Mark:

You got it. You got it. Thank you very much.

Peter:

Okay, buddy.

Tim:

I had a question for Peter.

Peter:

Sure.

Tim:

Peter, I don't know if John Triana mentioned at your meeting, but I think it's important that the group understand about how the Authority is entered into an agreement with the Town of Cheshire and the Cheshire Land Trust. I don't know if you brought that up. Did he, Peter? It was regarding the acquisition of about 40 acres of property in Cheshire, adjacent to a very substantial town owned piece property, which the water company also has an interest in. And it was a wonderful collaboration, cooperation. Basically, 1/3, 1/3, 1/3 interests in acquiring a very substantial piece of property, which helps preserve land around the Mill River, which, of course, is a significant water company interest. So I thought that was worth mentioning. Didn't know if John had the opportunity to discuss it.

Peter:

We did not get into detail with that.

Tim:

Okay.

Peter:

But that is very-

Tim:

It is a recent thing. We're very proud of it here in Cheshire and know it bodes well for-

Mark:

I don't think he brings it up until the deal's completely done. Is the deal completely done?

Tim:

Yeah, pretty done. It's pretty done.

Mark:

Yeah? Okay.

Peter:

Probably be next month's report.

Tim:

Yup. Yup. Signed, sealed, delivered. I guess they're finalizing... maybe there's a signature that has to go on the MOU. But it's essentially done.

Brian:

Tim, are you talking about the Ricci Moran property? Fenn Road?

Tim:

Yes, the Moran property on Fenn Road.

Brian:

It was in the update. It's the very first line of the update. That they have closed on the property and conveyed a conservation easement to the authority and the Cheshire Land Trust. So it was included.

Tim:

I appreciate that. I just wanted to, as a Cheshire representative, at least express my understanding and complete satisfaction with the results, so.

Peter:

Thank you, Brian.

Tim:

Glad everyone knows it.

Peter:

Yup.

Peter:

Thank you, Brian.

Stephen:

Peter? Hi, it's Steve Mongillo.

Peter:

Hey, Steve.

Stephen:

I've hiked up at Lake Bethany there. The logging operation seems pretty significant there. Are they complete? Or are they going to be there for a while?

Peter:

He did not explain that. I thought they were complete.

Jamie:

It's complete. It is complete.

Peter:

Yup. Yup. I thought-

Jamie:

It was done last year. I think they said it was done last year.

Brian:

No. They just finished up, because a couple weeks ago I had been there and there was still some signs up. And now the signs are down that the trails are open. So I think they're done. At least at the [inaudible 00:14:27] side.

Jamie:

Are you talking about the trails? Or are you talking about where they cleared over where the potato fields were?

Peter:

Potato fields were done a year ago.

Jamie:

Yeah, that's what I thought you were talking about. Are you talking about the downed trees on the trail? Or where he was clearing?

Peter:

Well, I'm not sure what Steve was asking about, so.

Stephen:

Yeah. When you first go in, you only have to walk in a little ways before you see the clearing and a lot of big equipment they're using?

Jamie:

To the left?

Brian:

No, that's on the trail to the right? No, that's out of there now, Steve.

Stephen:

Oh, okay.

Jamie:

Thank you, Brian.

Peter:

Thank you, Brian.

Mike:

I have something to say here. Okay? Any time the water company... Any time any individual gets involved with a contaminated property, gets ownership of their property, they take on the responsibility of cleaning up that site. So I would caution the Regional Water Authority in always accepting any of these properties without knowledge of their contamination, period.

Peter:

Mike, I believe they're always on top of that. That's one of their priorities. And help me out, anyone else on the committee or the whole board. I don't believe they ever bought a piece of property that they didn't look into the contamination, first.

Ted:

Can I clarify?

Peter:

Yup, Ted.

Ted:

That was the Olin piece that Mike was talking about, that was something that we did not purchase it. We are not purchasing it. We had to a right of first refusal. They want to sell it. It's contaminated. We're not going to take that right. But somebody else is interested in taking that right. But we didn't. We never bought it. We never considered buying it. It wasn't our property. So there's no risk to us.

Mike:

I believe that's smart on the part of the Regional Water Authority to not get involved in the ownership of contaminated properties.

Peter:

Well put.

Mario:

Very good. Yes. Another else for Peter?

Stephen:

Peter, hi it's Steve.

Peter:

Yes, Steve?

Stephen:

Hi, it's Steve. What's the status of the trails? Are they all open?

Peter:

They're all open. Yup.

Stephen:

Okay, because they were closed for a while after the storm.

Peter:

Yup. They're open.

Mario:

Any other questions for land use? Hearing none, Steve, would you like to give the consumer affairs report?

Stephen:

Consumer affairs has met twice since our last meeting. At the July 20 meeting, Prem Singh was there to talk about the customer experience strategy. And the RWA is trying to ultimately provide a seamless customer experience. They went through the vision, strategy, objectives of that. Some of the new things are E-bill, E-pay. Currently, there are 29,000 people enrolled in E-bill, which is about 25%. The significance of that I'll get to in the report on the next meeting. And the current growth is 700 people a month. They're had an 8,000 increase since the upgrade. So that seems to be trending up. As far as self-service, it's also trending up some. And the [crosstalk 00:18:24] payments and manual payments are decreasing at that.

Stephen:

So that's a current initiative. Also currently... Hang on one second. WaterWatch has been introduced this year. This allows customers to keep a really kind of up to date watch on the usage and their consumption. And they currently have 610 users, which is a really good start. So that's operational.

Stephen:

Additional recent deployments are a couple of electronic forms that they've launched. One for property closing statement requests. The tenant/landlord responsibility form, and they have also created a COVID-19 impact dashboard with their information. So that's what's current. What's coming up for the year '21, are liens automation and inquiry technology solutions. In the future they'll be trying to introduce a mobile applications. Customers well be able to get their bill, pay it, and access a number of other sort of initiatives, actions that the Water Authority provide, on their mobile phone.

Stephen:

So that was the meeting of July 20th. Jeff reported on a condo complex in Milford that had an unusually high bill. The cause of that is yet to be determined. However, the meters checked out okay. A one-time adjustment was offered and not accepted by the tenant or tenants there. So Jeff continues to work on that and just reported at our last meeting for Monday, that the resolution of that is still ongoing. At the end of that meeting I was re-elected as chairman for this coming year, consumer affairs.

Stephen:

This past Monday, consumer affairs meet. Prem Singh was there again, to talk about the monthly conversion update. And this is again, another initiative as the ones I've just described, that come out of the expected benefits of the AMI program. Monthly billing is fairly complex, scheduled for the year 2022. The RWA believes that monthly billing will bring service [inaudible 00:21:27], financial benefits to both customers and the company. And that aligns with their strategic goals. Prem went through the business case overview, talking about bettering the customer service experience and what benefits are to the company, and a few comments about their strategic initiatives.

Stephen:

We spent a lot of time with the financial walkthrough, starting with the current cost of billing at four times a year, which is roughly a million dollars. If we were to create 12 bills under the same procedure, it would double that cost to roughly two million. So a number of steps have been developed to address that cost increase and get it back down, including things like cash conversion, leak adjustment, an E-bill impact of more people using it. As I said, the current usage is 25% of our customers. It needs to get to 42% to get to their goal of having a net increase of \$66,000 over the current costs.

Stephen:

A number of these things come out with the assumptions that are in them, the best case scenario could produce a net increase of around \$56,000. So this is very complex. They're working very hard on it. It takes some time to see how this all plays out. But they have really thought about this in detail. And the best case scenario that they're talking about, or even the likely case, has been pretty well thought through. And I want to thank Prem and the staff for bringing this to us at this point. I think it's a great opportunity for us to really understand the complex issue that we'll be voting on at some point, the opportunity to ask questions and get a much better understanding of it. And that's pretty much it for consumer affairs.

Tim:

I have a question.

Stephen:

Sure, Tim.

Tim:

Thank you, Steve. To hear that producing 12 months of billing is complex and expensive, just sort of surprises me to some extent, since I'm certain at the time AMI was sold along the lines of monthly billing being economical and necessary, among other reasons for having it. How does the Authority address that as coming back with this added cost? I mean, there has to be savings in all of this.

Stephen:

Yeah, no. Well, as I just explained, if you were to keep the same procedure for putting out the bills, obviously, 12 is going to be much more costly than 4. So what the RWA is basing their affordability on, are the initiatives such as cash conversion, leak adjustments, the impact of E-bill, possibly putting out the bill to a third party for what's left of the physical billing. And so all those steps have been designed... and all of these technical improvements are aimed at reducing the procedural cost, creating more

efficiencies, to hopefully get this number down. But it does look like... It's going to take several years, even to get to that \$66,000 increase, because those planned initiatives will take several years to play out. So there would be, at this point, additional costs per year, higher at first, then trending down to that goal.

Tim:

But apart from that, Steve, are there just such operational improvements that the AMI has just been so valuable and it's worth that cost? I know all kind of meters were switched out, you've got to do that, you get better readings, you're doing all that stuff. I'm just looking at it as a back-bencher looking at the final implementation of this program, and at great cost, just wondering how that aspect of it gets explained away. And maybe it's a question for another meeting, but it's just one I have.

Larry:

Chairman, it's Larry. And I'll Beth join in with me and [crosstalk 00:26:44]?

Prem:

Can I add some details to what Steve had [inaudible 00:26:46]?

Larry:

I'm sorry. Did I interrupt somebody?

Stephen:

That's okay. Go ahead, Larry.

Larry:

Okay. When the AMI case was presented, we outlined several operational improvements that would occur as a result of that. For instance, we would be able to significantly reduce our carbon footprint by taking the meter reader vehicles off the road. We would almost eliminate estimated bills, which is a high source of customer frustration to get estimate bills. Now, we still have, correct me if I'm wrong here, Beth. But I think we have about 5,000 customers that have not converted to the AMI system yet. So those meters will still have to be read. So there's still the possibility of estimating those customer bills and in severe storms. We have virtually eliminated the meter reading department, with the exception of, I think, one meter reader that we have now that goes out and kind of reads those stray meters that are not converted. We also have access to a huge amount of data that helps us, quite frankly, resolve customer billing questions about their water usage, because this can show their usage on an hourly basis.

Larry:

So we have access to data now that we never had before that can help resolve customer questions about their water usage. And we are looking to be more proactive with customers, by virtue of their enrolling in the WaterWatch, they can monitor their water usage. So if there's a spike in usage, they can go online and see what might have caused that. So, if customer is away for the weekend and their teenage kids had a big party and used a lot of water, they can actually see that. So that would be something useful, as well.

Larry:

So there was a number of operational improvements that we realized. And I think we were almost break even, as I recall, overall, even when we estimated the monthly billing at the time we presented the case, that was going to cost about \$460,000 originally. And Prem and his crew have worked really hard at reducing that cost so that now it's down significantly to a fraction of what our original cost would be. So that was just one element of the case for AMI, is our monthly billing, which provides all kinds of separate benefits, in terms of cash flow and other things like that. So Beth, do you want to add anything to that?

Beth:

No, I think you got it. I think you explained it very well and that was a lot of the original business case as you mentioned.

Tim:

Well, I think that's an important review of that. I appreciate that, honestly. I think it's good review that we all needed to hear. Appreciate that.

Mark:

Also, Tim, you should have the finance committee hear Prem's report on that. How it shows that in the first year it's expensive and every year it goes down and down and down, and how they plan on doing that. It's very [inaudible 00:30:18]-

Tim:

Well, we'll invite him for our further ratification, but I appreciate the whole-

Mark:

That was very interesting.

Tim:

Right. I appreciate that. Steve, your report, too. Very happy to have it.

Stephen:

Yeah, no. Just a few more comments. There are several kind of themes surrounding the presentation here. I think it's just important to note that all of the technological changes that the RWA is doing are really aimed at creating a better customer experience, which is very good, in terms of more immediate resolution of customer issues. The other thing they do is create process efficiencies all along the line. And they're aimed at ultimately saving money as a result. So a number of these things have to happen. It's a pretty complex subject. And the consumer affairs committee certainly will be following this. If your committee wants to look at any particular aspect, I can tell you the presentation was an hour, so we got a lot of detail from them.

Prem:

Yeah. And I think, I mean, again, this is Prem here, right? Just to add to what Larry mentioned, and Steve, and the rest of the team here. The optics at a high level feels like it's going to expensive because

it's going from a 4 bill to a 12 bill, right? The reality is that we are kind of getting the efficiencies of, for example, we print all the bills in-house today, versus we are trying to get the same bills printed outside. So there are efficiencies that are gained through that. And also, I think Larry made a good point on the original business case of the \$460,000 that was part of the original, the bigger scheme in my business case.

Prem:

But when we started looking at some of the... for example, COVID now being here, it became kind of for us an opportunity where we have a huge participation on the E-bill. Just between the last four months, the numbers have gone pretty high. So we went from 21% of E-bill participation to 25. It's almost 8,000 customer jump. So the expectation is that the trend is going to continue. So it's going to reduce our cost of payment processing, cost of billing for printing the bill. So all that has been put together as a business case. So as Tim mentioned, we can talk through and, again, go through the details a little bit then as part of our finance committee, as well.

Prem:

But I think it's clearly evident, right? So to Steve's point, the best case scenario now is actually leading to a savings of \$56,000 after three years, right? Because year on year you have E-bill participation. For example, [inaudible 00:32:52] keeps going up a little bit. But eventually, the first year, obviously, you're going to have some cost involved. But over the long run, it's going to be a saving, right? That's how we are projecting it. And we are being very conservative. Again, to make all the team members here comfortable, if we benchmarked this with Aquarion, for example, we benchmarked this with other companies who are in the neighborhood to see what can be done here, and the numbers are pretty conducive for us to lead to a \$66,000 investment.

Prem:

But the goal is to really get to a savings side, right? I mean, over the long run. So we can talk more detail, but these are some additional details from the high level, really kind of looking at the business case and understanding the cost and the benefit. So nice job there. And then we can continue to talk about this in our next meeting. So we'll come back and present more details.

Mario:

Thank you.

Jamie:

Thank you, Prem. I have a question for Beth and Prem. With the issues with the US mail, are we... I'm sure it's on your mind, but without going mail, as well as incoming payments, have we seen a change or an impact yet? Do we have a backup plan in place?

Prem:

Yeah, I think, fortunately, I haven't seen... I mean, it's a good thing that way, right? But I haven't really seen a huge impact, because in terms of the operations, we're able to sustain stilling sending the bills out for the customers for the quarterly. So there's not been any operation issues from that perspective. It's been working well. But you have very good point where, when we start thinking about the future,

we are converting much of these customers into E-bill. So we don't really have to post any mail. Or even the payment processing is pretty much... For example, today a customer can call in and actually go through an IVR system to makes a payment. So they don't even have to send a check.

Prem:

So that participation rate is ranked really high, right? So it's a very positive trend that I'm seeing. And eventually, I think, if our goals and everything sets right, we are looking at a conservative 42% sign up by the end of three years. So for me, that's going to be a big advantage and benefit for RWA and the customers. Hopefully that helps, Jamie.

Stephen:

Did I cover everything? Or is there anything else you want to talk about?

Prem:

No, I think this was great, Steven. I'm actually pleasantly surprised. You got much of it straight off the bat. That's very good.

Stephen:

Thank you.

Mario:

Any other questions for Steve?

Greg:

I have a question for Larry. This is Greg. Larry, you mentioned the fact that a lot of the meter reader jobs were eliminated. All but one. Well, were any of those jobs absorbed any place else?

Larry:

Yeah. As a matter of fact, when we announced that we would start implementing the AMI system, we told the meter readers that they were free to bid into other jobs within the bargaining unit, or apply for jobs outside of the bargaining unit if they were qualified. And what we did when we replaced those individuals, because we promised not to lay off any meter readers. And we said that because we knew there would be enough retirements coming that they would be able to bid into the operations. But when we hired new employees and we brought them on board subsequent to, I think it was February of '18, we told them that this job may be temporary. You may not have a job when the AMI program ended. And so they signed on fully knowing that. But what happened was is that every single employee was able to bid into a position within the RWA. So that hasn't been an issue.

Greg:

Thank you, Larry.

Mario:

Very good. Any other questions? Thank you, Steve.

Stephen:

Sure.

Mario:

Very good report. And I want to thank the RWA for sharing this information. I think it's helpful as we try to work together to improve, obviously, the customer experience and the understanding of the RPB of what management and the RWA are working towards. So thank you very much. The executive committee met in early August. We did discuss RPB member memorials. And if one of the committees wishes to bring someone up that's passed away, it would end up being voted on by the full RPB. So we're going to take it on a case by case basis, as opposed to establishing hard and fast rules.

Mario:

We also talked about virtual meetings. We're going to wait on the governor's guidance that's supposed to come out in the near future about the continuance, if you will, of virtual meetings. But the gut feeling of the discussion was that we're going to be doing this for a while still. So, no brownies. I apologize to those of you that are missing those, along with me.

Mario:

And the RPB dashboard report, consumer affairs is going to take a look at that from a different perspective, since it's so financially centered. So, that was essentially the executive committee meeting, or the highlights. Any questions? Otherwise we'll turn to authority and management and Mr. DiSalvo in front of his own sign.

Tony DiSalvo:

We had a visit from one of our old friends, Brian Stone, today, on behalf of the Watershed Fund. He shared with us his progress and challenges for the becoming years. He also asked for the reappointment of three people; the Reverend Scott, Gordon Gablle, and Tony DiSalvo. They were all approved and given, so he's back to full strength. We spent some time with a PipeSafe marketing update with Prem. I'm sure you're going to hear about that soon, if you haven't already. We also started to take a look at what the future of the RWA is going to be as part of the strategic planning committee. That's going to begin today and this month with some blue sky work by the five members. I think that it'll culminate in springtime with a new roadmap and direction toward 2050.

Tony DiSalvo:

We may not get all of that much of the sky, but we're certainly going to aim for a good portion of it. But we're doing the kinds of things that we think are the real work of the five members, and that is to look forward to what we should be doing in the future. Larry, did you want to add anything to all of that? You're muted, sir.

Larry:

Thank you. Sorry. With regard to the PipeSafe marketing update, we normally send out to all of you an advanced peek at some of the new marketing programs or TV advertisements that will be airing, and we'll certainly do that with the PipeSafe marketing programs, because we have a multi-prong effort that

will be on radio, television, and in the social media. So you'll be getting a preview of that before it hits the airwaves in early September.

Mario:

Very good. Anything else? Tony? Larry?

Tony DiSalvo:

Nope. That's all. Unless there are some questions, we're good.

Larry:

So, there's no questions then we'll get into the management report. And I'll have Beth do a COVID update.

Beth:

Sure. So good evening, this is Beth Nesteriak. As you all know, we previously reported RWA has approached our re-opening plan following the COVID, in a three phase approach. We're currently in our second phase, following kind of a slow and steady reopening with a focus on protecting employees health and insuring business continuity. We are planning to move to our phase three, post Labor Day. We're currently asking management and leaders within the organization to review their work schedules. Those that are working from home, those who're working full-time in the office. And Jeanine and I and the return to work committee are going to be reviewing all of that to ensure we maintain no more than a 50% occupancy rate at 90 Sargent Drive.

Beth:

We have continued with our increased cleaning and disinfection of our facilities at 90 Sergeant Drive, as well as our treatment plants. We do a Clorox 360 treatment twice a month in all those locations and have added some more daily cleanings and midday cleanings to our 90 Sargent Drive building. In terms of customer service and operations, we continue to try to isolate those critical areas, such as our control room, treatment, and the laboratory. And we do that by either shift changes, so we have limited interactions between staff. We are still isolating our treatment staff as much as we can. Limiting access by contractors and the like. So still trying to ensure business continuity and obviously, watching health metrics going on in the state, as well as in the country, to make our decisions on our path forward. So that's the high level update. And if anyone has any questions, I'd be happy to answer them.

Mario:

Questions? Okay.

Larry:

Okay. Thank you, Beth.

Beth:

Great. Thanks.

Larry:

Beth and Jeanine have done a great job chairing the return to work committee at the RWA and preparing for employees to come back after Labor Day on a staggered basis. So they've done a great job with that. And Steve, I might suggest that you might want to invite Prem to come and review the whole PipeSafe marketing program at a future committee and discuss that, so we don't take up time tonight.

Stephen:

Yeah, that's a great idea. I would like to do that.

Prem:

Yeah, sounds good, Steve, yeah. I'll follow up with you, Steve.

Stephen:

Okay, thank you.

Prem:

Yup. Thank you.

Larry:

Also, today on the committee, Rochelle presented a resolution that the Authority ultimately approved for some interim financing of a draw down note in the amount of \$5.5 million, in the event that we might need that money for an emergency capital program or some other unexpected items like that. So they approved that. We'll be, of course, bringing that to the RPB for approval, because that will involve either the issuance of bonds or DWSRF financing. So she had spent quite a bit of time the last month or so, looking at alternatives and got a really great deal for us with one of our existing banking relationships. So that worked out quite well.

Larry:

In terms of our financial picture, operating revenues are over budget by about \$1.4 million. And that's due to strong water revenues being over budget by about 1.2 million, due to the higher than anticipated consumption and also our other revenues from our non-CORE program are over budget by about \$211,000. And that's for our outside lab and garage services, PipeSafe, miscellaneous charges, and our jobbing activities. So great picture from the revenue standpoint.

Larry:

Our operating and maintenance expenses are \$907,000 under budget. And all of that, we estimate at this point and time, is probably due to timing. But when you take all of that together, we're now projecting a draw of about \$9.7 million to meet the coverage of 114%. And that's taking into account what we think might be the impact of the COVID. And of course, that projected shortfall is about \$2.3 million better than the original budgeted shortfall of about \$12 million. But the good news is that the impact of the COVID-19 on cash receipts have not been quite as severe as forecasted, offset by what were then projected interest earnings.

Larry:

But, we like to continue to emphasize that there's continued uncertainty on the financial impact of the pandemic. And our revised and reduced operating budget assumed a full recovery in January. And that'll be highly influenced by what happens this fall and whether there is a resurgence of the COVID pandemic, along with the flu season that might happen this fall. So we're still quite uncertain what's going to happen year end.

Larry:

As of this August the 18th, raw water storage was at 78%, compared to a long-term average for this time of year of 77%.

Mark:

Are you sure?

Peter:

Thank you, Larry.

Larry:

You're welcome, Mark and Peter. That concludes management's report, Mr. Chairman.

Mario:

Okay, any questions?

Mark:

I have a question. Larry, you're saying that you're projecting a 9.9 million, or whatever it is, \$9 million drop for the stabilization fund, based on what you think is going to happen, based on our budget or whatever, that you don't think that income's going to come in. But if you go with what the income is coming in now, what would your projection be?

Larry:

Rochelle, do you want to answer that?

Rochelle:

I think it's actually too early to tell, given the uncertainty. But we're currently projecting based on what we've seen for June, July, and August. The \$9.7 million draw, versus the over 12 million would be our conservative projection at this time. We're watching it very closely. It will improve, definitely, if we continue to get the cash receipts that we're currently seeing.

Mark:

But you just don't have a figure yet of what it would be if the cash receipt stayed [inaudible 00:48:53]?

Rochelle:

Yeah. I think it's too premature, given the uncertainty.

Tony DiSalvo:

Only the first quarter, Mark.

Mark:

Okay. Thank you.

Larry:

And Mark, we probably won't take that out of the rate stabilization fund. We will take it out of the general fund, which we have enough money to cover the shortfall.

Mark:

Okay, let's hope there's not shortfall.

Larry:

Yeah, keep your fingers crossed.

Mark:

Well, I got a question. What's the draw every day? Water draft?

Larry:

The draft? It's running about, let's see. 56 million gallon a day, I think.

Mark:

That's pretty good, isn't it? What was it last year at this time? You remember? Does anybody remember?

Larry:

About 55, as I recall.

Mark:

So we're just about the same. Yeah?

Beth:

Yeah, year to date, we're about 6% over where we were last year. We've had a lot of dry spells. We've gone up to be in the mid-60's. But the rain really kind of brings us back down to mid-50's, high-50's. So it's definitely dependent on the rain. But I think we're about 6% ahead for the month. And so we're averaging about 58 million gallons a day for the month, compared to about 55 million gallons a day last year at this time. Cumulative, our fiscal year, we're about 9% ahead. But again, we don't know how that'll translate into payments.

Mark:

Thank you.

Tony:

Hey, Mario. This is Tony Rescigno. I have a question.

Mario:

Go ahead, Tony.

Tony:

Larry, the last correspondence I can recall, regarding the union that was not cooperating, where you were trying to negotiate with these unions to save some money during this COVID thing. Can you bring us up to date on where that is at this point?

Larry:

Yeah. And I'll have Jeanine join in with me on this. But she's had numerous meetings with the steelworkers leadership. It started off asking them not to take a 2.5% increase that was effective, I think, around the first of July, as I recall. And the meetings went past that date. Never did get agreement on that. We went back and forth with some different offers. And from where it stands now is that they have their 2.5% increase for about six weeks now it's been in effect. Jeanine had a meeting with the union leadership this past week, I think it was Thursday of last week. And she's waiting for them to come back Monday or Tuesday of next week and indicate whether or not they're willing to do something with us. So Jeanine, you want to add to that?

Beth:

Larry, I got a message that she just got kicked off of... lost her internet connection.

Larry:

Okay.

Beth:

But I think you've covered the majority of the update, yeah.

Larry:

That's fairly accurate. So they still haven't joined with us.

Tony:

Thank you, Larry.

Mario:

Okay. Other questions?

Stephen:

Yeah, Mario. This is Steve. I have a question for Larry. Larry, do we, given the sort of different circumstances, do we have a way of knowing if people have responded to the request to reduce water use by 10%?

Larry:

Well, no. Nothing other than watching the daily figures. And of course, since we are ahead by 6%, it would look like they're... I can't really say that. You could say that they're not responding, but who knows what that could have been if we hadn't have put out that 10% request, so.

Stephen:

Yeah, it's a lot of unknowns.

Larry:

Yeah, there's a lot of unknowns there.

Stephen:

Okay.

Beth:

Just to add to that, this is Beth, we are tracking kind of our top 10 users by town, just to kind of monitor activity, via our AMI program. And seeing, most of the huge draws are driven by irrigation, because as soon as it rains it comes quickly down. But it is something we're monitoring, but I don't think we can accurately say whether the 10% effect has really worked. But we do monitor it.

Peter:

Company.

Stephen:

Okay.

Mario:

Other questions?

Frank:

Yeah. Larry, Frank Pepe. Are we still under the governor's orders not to shut off water for non-payment?

Larry:

We voluntarily agreed to do that. As a matter of fact, we initiated action before it was actually implemented. We terminated the shut. And we have said that we'll continue that through December, because of the hardship that we know many of our customers are enduring, due to business being shut down and the like.

Frank:

Yeah, okay. Thank you.

Larry:

Yup.

Frank:

Okay.

Mario:

Good. Other questions? I had one. It seems as though the dirty water complaints have subsided now that we've had some high flows for several months.

Beth:

Yes, that is accurate.

Mario:

Good.

Larry:

Yes. Beth and her director of operations made some tweaks in the operating system and that got it more under control.

Mario:

Very good.

Frank:

Larry, Frank Pepe, again. Last time I spoke to you about the dirty water, you were going to get a machine with a filter. Did you look into that?

Larry:

Yeah. It's called a NO-DES, which is a no discharge unit. And Beth and her director of operations are still investigating that. So you want to provide an update Beth?

Beth:

Sure, so this is Beth. So it's a technology that actually Suez Water Company in New Jersey is using. So we are trying to schedule a visit to that operation to see it in action. But as Larry mentioned, it's basically a way to flush with an onboard filtration system and you can re-use the water back into the distribution system. So between our water quality department, our operations department, they were going to go down and see it in use and ensure that it was going to work for us and just get some other utility perspectives on how it was working for them.

Frank:

Okay and that filter system... So there's no more [inaudible 00:55:53] going into the sewer system run on.

Beth:

Correct.

Frank:

It re-pipes back in?

Beth:

Yup. It's a closed loop. Yup.

Frank:

When's that machine coming here?

Beth:

Well, we are trying to... Like I said, we want to go see it in action. A good salesman will be a good salesman, but we want to see it from another utilities perspective. And then we're trying to pilot it in September. We have some pricing with them to do a small section and test it out on our own system in September. So stay tuned.

Frank:

All right. Yeah, when it comes I'd like to see it.

Beth:

Sure.

Frank:

If possible.

Beth:

Sure.

Frank:

Yeah.

Beth:

Be happy to.

Frank:

[inaudible 00:56:37]. Okay, thank you, Beth. Thank you.

Peter:

Beth, Peter Betkoski. Do you have a ballpark price on that?

Beth:

So, if it was a capital investment, the equipment itself is roughly half a million dollars. But they do have arrangements where you can... They'll do it as a service. So we're still going to evaluate kind of the options we have, whether we purchase it outright or we setup more a service agreement. So we'll do a quick business case analysis based on what we think is in the best interest for Regional.

Peter:

Excellent. Thank you. Thank you very much.

Stephen:

Hey, Beth. This is Steve Mongillo. On the same theme, when you have these flushing events, do you have any idea the cost of losing the water?

Beth:

Not off the top of my head. We can calculate that. So that will be part of this. I mean, that's a savings that we would see. We'd also have the water savings itself. One of the challenge we have during the summer is that when we get in these drought times and we want to be careful where we flush given water supply. So yeah, that would be it. And also improvement in our delivery of the water. Less chemicals to treat because the pipes are cleaner and things like that. So we want to look at it holistically, absolutely. And the cost of that water would be part of that.

Stephen:

Thanks.

Greg:

Hey, Beth. This is Greg. Regarding the dirty water, we any other water companies having the same problem?

Beth:

We heard from some. We did talk to... I talked to MDC as well as Aquarion. They had increased in demand. And Aquarion did have some problems. So I think every utility experiences it to some degree, but yeah.

Greg:

Good. Thank you.

Mario:

Okay. Any other questions? All right. Jeff Donofrio, did you have any words of wisdom for us?

Jeff:

Nothing from the OCA tonight, Mr. Chair. Thank you.

Mario:

Thank you. Okay. I will wish everyone a good weekend because we're almost there. And if there's no other business, there's a motion to adjourn.

Tom:

I'll move to adjourn.

Jay:

[inaudible 00:58:48] make the motion to adjourn, Mr. Chairman.

Mario:

Okay. And there's a second. Presuming everyone's in favor, we'll be adjourned at 7:26.