

South Central Connecticut Regional Water Authority
September 17, 2020
Meeting Transcription

A regular meeting of the South Central Connecticut Regional Water Authority took place on Thursday, September 17, 2020, via remote access. Chairman DiSalvo presided.

Present: Authority Members present – Messrs. DiSalvo, Borowy, Curseaden and Ms. Sack
Management – Mss. Kowalski, Nesteriak, Reckdenwald, Velasquez and Messrs.
Bingaman, Norris and Singh
Buccini Associates – Mr. Buccini
RPB – Ms. Campbell
Staff – Mrs. Slubowski

Chair DiSalvo called the meeting to order at 12:30 p.m.

Tony:

All right, let's go on. There's the safety moment. We'll get Joe when he comes.

Larry:

Okay. Well, the safety moment for this month, I think is really appropriate. It's, quite frankly, all the things you need to do to prevent having back problems from sitting for long periods of time at your computer screen. So, this is good. Workstation ergonomics. So, be sure and read that.

Tony:

Do I have to?

Larry:

Yes. There'll be a quiz next to [crosstalk 00:02:35].

Tony:

Right. I got it. I got it.

Suzanne:

I think you can take one look at the picture.

Tony:

Can't [crosstalk 00:02:39] Oh, there it goes. Okay.

Jennifer:

Everyone can see this? Everyone can see it?

Larry:

Yes.

Jennifer:

Okay.

Tony:

Thank you. So, now we're going to move on to the blue skying. Who's going to lead this? Gene, or Larry, or who?

Larry:

Well, Gene is actually going to review the consolidated thoughts of his discussion with all of you about kind of what does RWA look like in 2050 and beyond. So, he'll run through that. Feel free to ask questions as he moves along if you have a thought about some of the observations that are being made. The leadership team will meet on September, 29 to have their own blue sky session, but this input will certainly be taken into account as we are looking at RWA in 2050, and we-

Tony:

They have the information, Larry, when they meet?

Larry:

They will. As a matter of fact, I will send out a copy of this report to all the leadership team members tomorrow, and they'll be able to read that in advance of the meeting of the 29th, but Gene will run through this meeting when he facilitates our strategic planning session on September 29, and we'll use this, as I said, as a foundation for looking at the company in 2050. And then, the idea is, is to kind of look at where we want to be in 2050. And then what actions do we need to start taking with the next CD plan that we put together next year. What actions do we need to start taking then to move forward that 2050 goal.

Tony:

Okay,

Larry:

With that, I'll turn it over to Gene who will run through the highlights.

[EXECUTIVE SESSION STARTS AT 12:32 P.M.TO 12:55 P.M.]

[AUDIT-RISK COMMITTEE MEETS AT 12:55 P.M. TO 1:20 P.M.]

[ENVIRONMENTAL HEALTH AND SAFETY MEETS AT 1:20 P.M. TO 2:07 P.M.]

[AUTHORITY RECONVENES AT 2:07 P.M.]

Tony:

The consent agenda, is there any wish to remove anything off of the consent agenda for individualized discussion?

Suzanne:

Yeah, I had one item and again, I can't see my materials at the same time. I just wanted a brief update on...

Tony:

Capital budget transfers, key performance indicators, accounts receivable, dashboard, Derby tank, North Cheshire. pick one.

Suzanne:

North Cheshire.

Tony:

Okay. Let's remove that from the consent agenda and we'll handle it individually. Is there any-

Suzanne:

Thank you for doing that Tony.

Tony:

Huh?

Suzanne:

Thank you for reading those off for me. I couldn't get there fast, as you did.

Tony:

Hearing none. I'll entertain a motion to approve the consent agenda as amended.

Kevin:

So moved.

Tony:

Second?

Group:

second.

Tony:

All in favor. Aye.

Group:

Aye.

Tony:

Closed. Consent agenda is approved. Let's talk about the North Cheshire update.

Suzanne:

Yeah, and it doesn't need to be elaborate. I just want a brief update. I read the memo, but just, what is our predisposition about getting involved? What do you think the likelihood of it actually happening is, et cetera?

Ted:

I can answer that. The likelihood of us actually taking part and supplying water to the development in the next few years is low. That's why we have entered into an agreement with Southington, to release part of our ESA exclusive service area to them because they can serve it now, as long as the developer can source some main from their system into our system. Our hope is to be running main up route 10 in Hampton and Cheshire so that we can supply the water that that area needs without impacting our well fields too much.

Ted:

So how far out is that? It's in our 10 year plan. I think it starts out in the next two or three years and then continues for several years to get ourselves all the way up there. We hope to be able to do that in time for the second half of the development which is the West side, which is a pretty dense development in terms of residences. So it remains to be seen when we will actually be able to serve up there, but we're working with both Sellington, Cheshire and the developer to make things happen.

Suzanne:

Perfect, thank you.

Tony:

Is that it? Thank you. Let's move to finance, Rochelle?

Rochelle:

First, I think Jennifer has the material. I just want to mention that the purpose of that note is really to put the first quarter results in contacts, but as I go through the results, I'll be speaking to many of the items noted in that cover memo. So with that next, Jennifer, why don't you go to the balance sheet?

Rochelle:

I'm just going to cover some of the key items, but if you have any other questions please let me know. So on the utility plant section, net utility plant is up about 600,000, and as you would anticipate, utility plant is up year over year. And this is comparing August of calendar 2019 to August of calendar 2020. Also construction work in progress is also up, year over year.

Rochelle:

The cash and cash equivalents that came up are even as it related to year end, you can see that there is an increase in cash and cash equivalence, and that is primarily due to how we handle the year end disposition to give us maximum flexibility to address the challenges that we had anticipated with COVID-19. We did put more monies than ordinarily, into our general fund that could be used for any lawful

purpose, as well as some additional money to the growth fund. And because both those funds are restricted, they show up in cash and cash equivalents.

Rochelle:

Also on the regulatory assets, that's the next larger section that is reduced by 11.7 million. That's primarily due to the change in the construction fund. That would include the expenditures on Capitol from August of 2019 through 2020, partially offset by our year end disposition where we put 8.6 million into the construction fund. So that's really the primary driver there from a year to year perspective.

Tony:

Rochelle, is it appropriate for us to leave our current assets in the current positions and readjust them at the end of the year? Or is there mid-year adjustments that can be made?

Rochelle:

For example, from the general fund, there could be mid-year adjustments, and that's actually one of the reasons that we wanted to put the monies there. So as we see, and we'll get into a little bit later in the presentation, how we're doing so far through first quarter, but if our results are better than anticipated, the general fund gives us flexibility in particular to move that into other areas.

Tony:

Okay, thank you.

Rochelle:

The next area I'll just touch upon is actually regulatory assets and that is made up of our cost of issuance; is treated as a regulatory asset, as well as just to name a few, Hamden remediation, the New Haven sea wall. And so the primary driver there, the changes are the amortizations of those balances. We did have a small increase in the Hamden remediation, our regulatory asset. Very small, like \$66,000 just to cover some additional expenses associated with closing out that project. So that's the driver there.

Rochelle:

I'll just mention for the pension plans and the OPEB, what's called deferred charges. That's all based on our actuarial reports. So everything has been updated related to the pension, the OPEB. You heard the auditor speak about that a little while ago. So they have all updated per the report end of year 2020 balances. And throughout the year, we do continue to do accounting every month, associated with those deferred charges.

Rochelle:

Moving on to the liability side. Total liabilities' year over year are actually down 21.5 million. You can see the big driver on this was a question earlier as well.

Rochelle:

If you go up to revenue, bonds payable, you can see a reduction of 14 million, and that is primarily due to the fact that we make an August 1st payment. Our principal payment, August 1st, was just under \$20

million, and year over year, you can also see the impact. We did do the refinancing of the 31st series, and that was done during fiscal 20. But the primary driver, the reduction is the principal payment that we make. The primary driver of the change in the premiums has to do with the 35th series refinancing and how that was accounted for, as well as just continuing amortizations.

Rochelle:

And we can see only a small change in the drinking water state revolving fund monies and this was talked about earlier; the net pension liability is up about 1.9 million, that is largely due to the change in the mortality table. As I mentioned, especially for the bargaining unit plant plan, as well as the lower investment returns that we have for fiscal 20. And then as was mentioned, the net OPEB obligation is actually down by 1.7 million, that's primarily due to lower than the actuarial anticipation relative to healthcare and medical expenses. So they do almost offset each other.

Rochelle:

You can see that on the current liabilities, our upcoming next principal payment is the 20 million, 565, so that's an increase year over year, just a small change in our drinking water state revolving fund monies. Just to mention, we currently have nine drinking water state revolving fund monies on all of those we got a 2% interest rate and all of those, we also got grants. You can see only a small change in the note payable. The balance there is now all associated with the last tranch of the AMI project, and we're hoping to close on our drinking water state revolving fund longterm financing, within the next few months.

Rochelle:

Also, I just want to mention the other liabilities that's really all associated with Hampton remediation and the reduction there is primarily associated with the monies that were spent on that project. So as monies are spent that lowers our liability with remaining estimated liability of 114,000. The pension and OPEB related inflows. Again, they were all updated based on the actuarial report and we continue just to make monthly amortizations. And then overall year over year, our net position is actually up roughly 3.1 million. Are there any other questions? I just tried to cover the highlights, but if there are any questions, I will answer them.

Tony:

No, thank you.

Rochelle:

Okay, I'm going to now move on... I'm going to skip Jennifer, on the A1 commentary, because I'm going to talk to that and we'll go right to schedule A1. So here again, I'm just going to mention highlights here. The metered water revenues are up about 2.2 million, and that's primarily due to higher than anticipated consumption. Other revenues are also up and that's primarily due to pipe safe, the lab, garage services, as well as some miscellaneous charges are all contributing to the gross revenue on overrun, that you see at the top of the page.

Rochelle:

For ONM expenses, you can see that we're under budget by about 1.1 million. At this point, we are considering that basically timing related, it's still early in the year and I will get into some of the particular variances relative ONM in a minute. But before I do that, I want to draw your attention to the bottom part of schedule A1, and this is the maintenance tasks.

Rochelle:

So as we've talked about previously, so far we have not seen as a severe impact as we had anticipated regarding our cash receipts. So that's a good thing. So we have modified our forecast consistent with that. We also are seeing higher billings. And at this point again, we have not seen a significant impact on our cash receipts on those higher billings. So we have improved our water sales. This is cash in the door forecast. The interest income, unfortunately the interest rates are significantly lower than what we had anticipated. We're doing what we can to help shore that up but we are forecasting a pretty significant under-run right now, relative to investment income. When we get to schedule D, you can see the magnitude of the change in the interest rates, and then also a small change relative to debt service.

Rochelle:

And that's primarily due to really a delay than what we had anticipated with our financing of that fourth tranch of the AMI project. So the net of all this is; we are still projecting a short fall versus our coverage requirement. We're projecting a shortfall of just under \$5 million, so still significant, but definitely well improved versus what our revised budget was. And we're continuing to watch cash actually on a weekly basis so we can monitor what's occurring.

Rochelle:

If there's no additional questions on A1. I just want to also touch briefly on A2. I'm really going to only talk to the bottom part of A2 and this is where we do sensitivities. And given still the significant uncertainty relative to the impacts of COVID. And I do want to remind the board that our revised budget assumed that we would be full back to normal in January. So that is still a risk. So even though we're seeing better than anticipated receipts currently, there's still a lot of uncertainty about what will happen and whether we will be back to a full normal in the January and the latter part of the fiscal year.

Rochelle:

So here at the bottom part of the page, we're doing some sensitivities and we thought we'd do something a little bit different this year, primarily due to the higher production and consumption that we're seeing. So with portion two, we're actually forecasting or projecting a sensitivity saying that, "Well, what if consumption is actually 4% higher than what we had anticipated?" And then assumption three is actually a 2% decline. So we sort of arranged this because it is possible at this point that we will continue at least for the next couple of months to see higher consumption. And you can really see what that does to the shortfall. So if we continue for the rest of the year with a 4% additional consumption with the same cash receipt pattern, we would actually lower our draw to about 3.4 million, but if we adjusted 2% decline from our forecast, you can see that we would actually be up to about 5.7 million. And this is just to really show potential sensitivities, especially in all the uncertainty.

Tony:

There are no current scenarios where those numbers would fall back down to zero, huh?

Rochelle:

Not at this point, But that is still yet to be seen, especially Tony, what's going to happen in the fall. You know, what's going to happen with employment levels and such to see...

Rochelle:

... Levels and such to see if we can actually get the shortfall down to zero. The next page I just want to talk to and again, I'm just going to cover on the key items, is just some of the key variances. Right now, year to date payroll is under and that's primarily due to a lower head count than budgeted. Employee benefits is also under by about 204,000. This is primarily due to lower medical expenses. We did see with COVID-19 at the end of the fiscal 20, as well as the early part of fiscal 21 with not all procedures happening. There has actually been lower medical expenses, however, as you know, we're self-insured, and that can change quite easily. At this point, we're still considering that timing related. Outside services is another area just going down the chart that we are under by about 186,000. That is primarily timing. Let's see. IT is actually another area that is under budget as well. We think that's timing and maintenance and repair at this point. We also believe that that's timing related.

Tony:

Jennifer, can you take us back to the last schedule? Now, Rochelle, when I look at this at the FY 2000 actual, what did we do as a correction or as a projection alteration to reflect the COVID experience? What did we cut out? What did we lower? What did we alter that brought us to a deficiency as opposed to a flat?

Rochelle:

Are you talking about the shortfall that's in the budget of the [inaudible 01:41:25] plan?

Tony:

Nope. If we had gone on with the typical 2019 to 2020 budget without adjusting for COVID, we would have been flatter than this.

Rochelle:

Yes, we basically had really virtually no draw. I think it was 28,000.

Tony:

Where was the differences?

Rochelle:

The key driver that was our assumptions relative to water sales, aid as significant. We made an assumption knowing that it was conservative, that COVID was going to really impact our cash receipts for the first part of fiscal 21. We would only partially, very partially make that back at the latter part of the year. That was a key driver. The water revenue sales was reduced by close to \$15 million, because of that we also lowered our O&M. So our O&M original budget was about \$61 million. We lowered O&M expenses.

Tony:

Got it. Thank you.

Rochelle:

Okay. I guess the other thing just on schedule B here is that at this point we are projecting that we'll be on budget at the end of the year. I would expect that there'll be some line item changes throughout the fiscal year. Then later on we'll see how things progress in the fall and how our cash is doing. Then potentially we may be back to you with other changes that would impact the ONM budget. With that, if there's no additional questions here, I'm going to go on to schedule C, which is our capital. First from an overall perspective, you can see actually it's on, I believe, the third page. We're actually projecting that we're going to be on our revised budget.

Rochelle:

If you recall, the revised budget was also significantly lower due to COVID-19. There are some projects that are popping up that we need to cover. That's a primary reason that we're projecting that we're actually going to use all the available budget for fiscal 21. That's our current projection. For the schedule, again, here I'm just going to cover some of the larger variances. One of the variances that you'll see is on the Burwell Hill Pump Station. We're projecting for the year that that's going to under run, because that project is being reevaluated so that money will be moved through amendments. The Lake Gaillard Pump Station in the consent agenda you had amendments associated with that. Now that the amendments have been approved, we're going to be moving money into the Lake Gaillard Pump Station improvements project to cover that \$328,000 overrun. Part of that's coming from Lake Gaillard Roof Replacements. Another piece is coming from the West Avenue Tank. For the West Avenue Tank more work was done in fiscal 20, which is why there's money available to cover Lake Gaillard Pump Station project.

Rochelle:

For the Lake Gaillard, just going down the page, one of the next variances is the under run of the \$198,000 associated with Lake Gaillard. That's just because of the amendment that it's showing that there's going to be a \$198 available money, and that's going to be moved. For the hydrochloric system that 120,000 that's due to the original budget assumed some additional work that was not deemed necessary as that project got underway. We'll be moving those monies to cover some of the unanticipated projects.

Rochelle:

I'm moving on to the next page. Just on the year to date the backwash and surface wash pump replacement that 150,000 under run, that work has currently been suspended due to COVID-19, but it is anticipated that project will finish on budget for the fiscal year. Moving further down the page. I had mentioned the West Avenue Tank. Money is now available in that project to help fund the Lake Gaillard Pump Station.

Rochelle:

The miscellaneous transmission and distribution and prior year, those overruns are primarily related to the West Johnson Avenue main break that occurred. We're covering those overruns in our projections. If you go to the last page, Jennifer. Again, here just in summary, we're projecting that we're going to be on budget. We are anticipating due to some unanticipated projects that have come up that are critical, that

we want to cover, assuming at this point that we will use the contingency. You might recall that the contingency for fiscal 21, we expected with a reduced budget that we would have to use that contingency. It's not unusual that given the very reduced budget for fiscal 21, that that looks to be the case. Are there any questions on the capital?

Tony:

No.

Rochelle:

Okay. Moving to schedule D. I had talked about earlier, so one of the unfavorable variances is the interest rates are significantly lower than what we had forecasted. The little over 1% was our annual forecast for the stiff, just to put that in context. It's down to .08%. We are doing what we can to try to mitigate that, including frequently moving money from non-interest bearing bank accounts where we don't need to have the money sit there to offset fees, to being very proactive with moving those monies, at least where they're earning some interest. Even on the construction fund, we are only maturing what we need to cover our particular expenditures for a particular week. I do want to highlight, you can see the second line where it says the revenue fund had 6.2 million. We even moved some additional monies mid-month.

Rochelle:

You can see that, note, we moved an additional 2 million to at least get those monies into an interest bearing account. Also, going down the page with a construction fund, there were some monies that US bank that we had deposited that were not immediately put into the stiff. We followed up with them and they put most of that, went down 1 million that we didn't need to have fully liquid that was put into the stiff mid-month. We are doing what we can to mitigate this, but just given the interest rate environment, we are projecting to be under budget as far as investment earnings.

Rochelle:

Also, there is usually a second page. I realized that it didn't make it into the package. The second page would show we've actually collected in cash versus the budget and so forth. All the funds that go into our coverage. We are under budget year to date by about 88,000 and for additional funds, including the construction fund, we're under budget by about 127,000.

Tony:

Thank you. Any questions folks? You put them all to sleep again, Rochelle. Thank you very much.

Jennifer:

Can everyone see the screen share?

Tony:

No.

Male:

[inaudible 00:28:36].

Mario Ricozzi:

Yes, I can.

Male:

I somehow lost mine. There we go. Sorry.

Tony:

Got it. Let's see, Suzanne, you went to finance committee on Monday? Suzanne? She was here and I lost her now.

Jeanine:

She's on mute.

Tony:

Yeah, but she's not even on picture anymore. There she is.

Jennifer:

There she is.

Tony:

Sue, come off mute. There we go.

Suzanne:

Is that better?

Tony:

That's wonderful. Can you tell them about the finance committee?

Suzanne:

Yes. I'm talking about the finance committee and there was an AMI original business case presented. Then there's a business case overview for monthly building, the customer experience, company benefits, and the strategic initiatives. Then we talked about the impact of innovation and technology. Talked about monthly billing financial walkthrough and the O&M costs and impacts. We had a discussion on e-billing, ACH payments, processing fees, cash conversion. She had that whole chart where she showed what the cost of doing this was and what the benefits were doing that. Then lastly, Rochelle came in and talked about the resolution and they approved the resolutions to move forward to the RPB.

Tony:

In your mind, were there any critical questions about the AMI?

Suzanne:

No. I mean, no, there were good questions, but nothing that was alarming or concerning.

Tony:

That we weren't prepared for?

Suzanne:

Right.

Tony:

David, want to talk about the land use committee?

David:

I would be happy to. We met at Lake Whitney for our field trip and we met with the beekeeper-

Tony:

Oh, cool.

Naomi:

That sounds like fun.

David:

Yeah, some souls braver than I went to the beehives and I didn't. They got a good view of that. They also talked about the land use plan amendment for the energy plans, which is the next item on our agenda after updates, so we'll get into that. They unanimously consented that it sounded like a great idea, the new plan that Ted [crosstalk 02:09:55].

Tony:

You have a beekeeper on the payroll, Dave,

David:

Not on the payroll. He uses our space, several of our properties actually. There's some 35 hives and he's got, I think eight or 10 of them are on a couple different properties of ours.

Tony:

He gets to keep the honey and we don't get any of it. Is that the story?

David:

I don't know. Maybe Ted gets a bottle or something as [inaudible 02:10:15].

Ted Norris:

No kick-backs here.

David:

Yeah. But it was quite interesting, because we have so much land and it was good use-

Tony:

Makes sense.

David:

... To keep it. Yeah, absolutely, it was good.

Tony:

Thank you.

David:

The most important is that next month is the pizza meeting at Lake Saltonstall.

Tony:

Oh, we can't miss that.

David:

So I know you'll all be fighting over that assignment when we do the assignments next.

Tony:

Yep. Suzanne, the consumer affairs committee?

Suzanne:

Next week, right?

Naomi:

Monday.

Tony:

Oh yeah. Okay. Thank you. Sorry.

Suzanne:

Yup.

Tony:

Let's do assignments for the next quarter. In October there's a finance committee on Monday the fifth.

David:

I'll do that. I haven't been there in a while. If that all right?

Tony:

[crosstalk 00:32:05]. Remember we have Joe we can fill into any place that we're missing. Land use on October 14th. Who wants to go for pizza?

Suzanne:

I can.

Tony:

Sue. Okay, thank you. Consumer affairs on the 19th. We'll put Joe in there.

Kevin:

I can do that.

Tony:

Oh, you want to do it, Kevin? Okay. Into November 9th, there's a finance committee meeting. Anybody want to come up to finance?

Kevin:

I can do that.

Tony:

Kevin.

Kevin:

I can do that one.

Tony:

All right. Land use on the 18th?

Suzanne:

I'm happy to do it, but I'm going on the October meeting so whatever works.

Tony:

Okay. We can put Joe in there.

Suzanne:

Okay.

Tony:

How about consumer affairs on the 16th?

Suzanne:

I'll do that.

David:

I'll do that. I'll have not then for a while.

Tony:

David. All right, you-

Tony:

I'll do that, if not then for a while,

David:

I'll do that, I'll have not been for a while.

Tony:

David. All right, you got it. In December, finance on the seventh.

Suzanne:

I can do that.

Tony:

Thank you Sue. Land use on the ninth.

Kevin:

I can do that.

Tony:

We've got to give something to Joe.

Suzanne:

Well, why don't you give that to Joe, because Kevin and I have covered the last two.

Tony:

Consumer affairs on the 21st.

Suzanne:

And I can do that.

Tony:

All right.

Jennifer:

I thought Joe had told me once he can't do Wednesday night meetings.

Tony:

[crosstalk 02:12:41] We didn't have him for anything this quarter coming up. So we'll use them as a fill. If anybody can't make their meeting call Joe.

Suzanne:

Okay. So.

Tony:

Re schedule for a Wednesday. Oh, I see what you think. Thank you, Jennifer. Sorry. I missed that. Anybody want to take the Wednesday, November 18th and I'll give them, give Joe whatever you were signed for.

Suzanne:

What Wednesday? You just confused me.

Tony:

Wednesday, November 18th.

Suzanne:

November 18th, I can do that. I will have been at the last one, but I'll do it.

Tony:

Okay. Sue, you want to give away a finance or consumer affairs?

Suzanne:

I'll give away finance.

Tony:

All right. We'll put Joe in there. Got that Jenn? Jennifer did you get all that?

Jennifer:

I got it. All set. Okay.

Tony:

All right. Thank you. Let's move on. Then we got through the tough stuff. We're now into updates, Mr. Bingham.

Larry:

Yes. Thank you. We'll start off the updates. Beth will give an operational update on COVID-19 and Rochelle will touch on the financial to the extent she's not reported on already. So Beth...

Beth:

Sure, so happy to report there's no new news in terms of COVID-19 and RWA we've had no new cases. And been really good in that department. Really what's been happening over the last month as we've moved into our phase three, as I've reported in August.

Beth:

So after labor day, we increased our reporting back to 90 Sargent. We're still maintaining about a 50% occupancy rate in 90 Sargent. So we have people part time recording, and obviously some staff are full time reporting. So I think it's been going well. People are following the social distancing guidelines, including wearing masks when traversing through the building and not able to maintain six feet of separation. We've been limiting our occupancy of our conference rooms and ensuring wipe downs after use. So it seems to be going well. I think people are happy to be back in the building. From our survey a few months ago there was definitely a miss of that social interaction. So it's always nice to see your coworkers in the hallway.

Beth:

We're continuing to clean, not only 90 Sargent, but our treatment plants on a twice per month. We've also increased our cleaning at 90 Sargent during the day to do high touch areas in the bathroom. So overall it's been going well and no real change on the other items. Customer service is full time reporting, operations is mostly full time reporting or job site reporting directly. So on all good news as we enter the cold and flu season, we'll continue to monitor everything and continue to promote the use of our COVID-19 tracker, which is a self-certification deployed on all our cell phones that every morning you check in and answer the standard six questions.

Tony:

Will you give us free flu shots?

Beth:

We are doing flu shots. I believe they're coming in next week. Griffin health is doing that. And we have launched a campaign with our communications team on promoting that for employees to receive their flu shots.

Ted:

October 14th.

Beth:

Oh, October 14th. Thank you.

Suzanne:

And Beth, when you started your presentation, did you say 15 or 50 are back?

Beth:

About 50%. We're trying to keep the [crosstalk 02:16:34] Yeah.

Suzanne:

Okay. Thank you.

Beth:

Okay Rochelle. I'll turn it over to you.

Rochelle:

Okay. Thank you. I've pretty much reported on our impacts, but just to, again, summarize. So to date, the impacts have not as severe on our cash receipts. So we are encouraged by that. However, our projection still does have a significant draw of just under five million. And again, there's still quite a bit of uncertainty; including employment levels, government subsidies, businesses, and whether there are going to be opening or continuing to be able to stay within a possible resurgence. So we are still watching our cash receipts in particular, extremely closely. Get a reminder that our revised budget does include a full back to normal in January. So at this point that's still a risk that we have later in the fiscal year, but we are encouraged [crosstalk 00:05:50].

Larry:

Any questions? I know you'd probably wonder why Rochelle keeps talking about the future uncertainty what might happen this fall. It's just that we want to make sure that it's on the record that just because we might be doing well now that might not turn, turn against us, coming into flu season. So it's important that we all understand that and that in the records that people might read, that they know that there could be a turnabout. Next I'd like to take a few minutes to highlight some key points in my August board letter. So Jennifer, if you could bring that up.

Larry:

You'll recall that last month I mentioned not only that we had reformatted our board report, but that included in that would be a cover letter from me that would outline actions that I've taken. Or my six personal strategic priorities, which are listed here. And I won't go through those, but I did discuss that at last month, but that's where I'm going to be spending my time over the next two fiscal years. And they are certainly supportive of our strategic plan. So that is more or less as a refresher.

Larry:

But my first two updates [crosstalk 02:19:30] support two of my strategic priorities and the other to further position the RWA as a community and industry leader. First at my August leadership team meeting, we discussed the topic of diversity and inclusion. And while certainly the RWA has always been committed to fostering a diverse and inclusive workplace we know that there's always more that we can do to further that initiative.

Larry:

So as such, we're creating a new path forward to grow and improve our organization's diversity and inclusion efforts. And we'll certainly have more in depth discussion about our work in this area at a future board meeting. Beckett, as you will recall, last November, we announced that we were exploring the acquisition of a Connecticut based water testing lab to support our non-core growth and following a due diligence process that lasted several months that included a thorough review of the external lab. We were considering as well as our own lab. We put that acquisition on hold in January. And we did that for two reasons. One, we found that our cost accounting was not accurate and we needed to erect and refine that moving forward, as well as improve our operations for greater efficiency and productivity.

Larry:

Then of course, the pandemic hit and we closed 90 Sargent to the public, which included the two lab owners that we were working with from coming into the building that caused further delay in our efforts to pursue the potential acquisition. So with our internal work now essentially complete, we are reassessing the potential acquisition and have re instituted the due diligence process. And you'll hear more about that in our non-core committee meeting.

Larry:

Third, we have executed a new professional service and strategic partnering agreement with Tighe & Bond, which is an engineering design and environmental consulting engineering firm. I led the creation of that partnership by initiating [inaudible 02:21:52] president and CEO of Tighe & Bond ways we could further and develop and strengthen our working, working relationship.

Tony:

There's a voice over, is there something that you can do about that?

Jennifer:

I don't know where it's coming from. I don't know what it is.

Tony:

Everybody's shut off your radios. Okay.

Jennifer:

If everybody mutes.

Tony:

Somebody got it.

Jennifer:

Okay.

Larry:

So in summary that the agreement with Tighe & Bond to serve as a strategic partner with the RWA for three years, and it uses an annual volume discount scale on all the services. So this is really a novel partnership that's a win win, and provides us with professional engineering and environmental consulting services at a reduced rate while providing Tighe & Bond with increased RWA project work.

Larry:

And finally, for my last initiative, this last month, I asked our communications and outreach team to enhance the way we keep community stakeholders informed and to further build and strengthen relationships with primary municipal stakeholders in each of the towns within our water district. Specifically, I asked them to develop a more sustained multi point touch system for keeping in regular contact with municipal officials, RPB members, health department representatives, and local fire departments.

Larry:

Consequently, we have now established a dedicated team of liaisons for each of the municipalities within RWA's water district. And that's the three professionals in the communications and outreach department that report to Janine and their duties are outlined in my board letter. But bottom line, the goal here is for municipal officials to know that they can rely on our liaisons for quick and accurate assistance when they need help from the RWA or during emergencies. So these are the highlights of my August board letter. And before we move on to the next topic, are there any questions?

Suzanne:

I, no, I don't have any questions, but I would ask that Tony, if we can make sure the agenda, it's aligned with the-I can't get back to his first page of his priorities. I just noticed when we put the agenda together, that non-core was at the end and it seems like we always put it at the end. And if it's Larry's top priority, then perhaps he should have the benefit of catching the board when we're refresh. And we're able to focus on the topic and give him the best thinking that we've got or whatever he's presenting related to that topic. Just a request.

Tony:

The other thing is that it would be a helpful whenever we have our next strategic planning meeting...we do have one of those committees don't we?

Larry:

Yes.

Tony:

That we talk in a little bit more detail, either in executive session or openly about the activities you're going to take to do each of these Larry.

Larry:

Perfect.

Tony:

Thanks, anything else?

Larry:

No, well that'll lead just to the next item, which is the North Cheshire diversion permit, which...

Tony:

Well let's hold on that a second and excuse Mario and Naomi. It's time for you folks to go, but thank you for coming.

Mario:

Thank you very much.

Naomi:

Thank you very much.

Tony:

We don't want to mess you up for the next vote.

Naomi:

Thank you. Bye bye.

Tony:

Thank you. Okay. We're available to go into executive session if you want to.

Larry:

I do, because it involves negotiation with the department of environmental action.

Tony:

You're fading in and out. Larry. I don't know whether your microphone is moving or you are.

Larry:

Yeah. Okay. It requires executive session because we're in negotiations with the Department of Energy and Environmental Protection.

Tony:

Entertain a motion to move into executive session.

David:

Moved.

Tony:

All in favor.

Kevin:

Aye.

Tony:

Yep. Okay.

[EXECUTIVE SESSION STARTS AT 3:11 P.M. TO 3:20 P.M.]

Ted:

So it was mentioned earlier, Amy Velazquez was talking about earlier. I have to let her know. Is she on?
She is. Welcome, Amy.

Amy:
Hello.

Ted:
We had a lot of discussion about you earlier when Amanda was giving her presentation on the new department.

Amy:
Oh okay.

Ted:
Accolades to you.

Amy:
Thanks.

Ted:
Now we've been working on a land use plan amendment for the renewable energy protocol for quite a while. It's taken us a while to get it right. Get it straight. We wanted to meet with the LUC and make sure we had their kind of blessings to proceed with this because they were the ones who came up with the original one. So Amy's going to walk us through quickly and we've got to make the assumption that you read the application. We can take questions on it. So she's going to walk us through quickly, the highlights of the 2011 one that we're under right now and versus the one that we want to revise it to. So Amy, all yours.

Amy:
Okay. Is Jennifer on here somewhere. Oh there you are.

Jennifer:
I am here?

Amy:
Right.

Jennifer:
You can share. If you don't have it, I can go and get it.

Amy:
I have it. I just needed to know if I have the right to sh...

Jennifer:
Yep. You should have the right to share.

AMy:
Okay.

Tony:
There you go. I got it.

AMy:
Okay.

Ted:
Well I think we needed to go slideshow.

AMy:
Yeah.

Ted:
There we go.

AMy:
Is that good?

Ted:
Yep.

AMy:
So as Ted mentioned, the procedure was created in 2011. When RWA requested a land use plan amendment for doing renewable energy projects, basically without RPB approval. That land use plan amendment was denied and the land use committee and management work together to create this procedure.

AMy:
We first use it in 2017 for the Lake Gaillard solar array project. And at that time, we found that it was confusing, especially regarding when to present to the authority and it provided no time to get approval from the state and local authorities. It also jumps straight from having to meet with the towns in the RPB to submitting the land use plan amendment to the authority.

AMy:
The procedure is burdensome for small, renewable energy projects like rooftop solar arrays, because the land use plan amendment process is long. And it requires a relatively large amount of effort from staff for projects that may only include a few solar panels.

AMy:

The RPB member in host municipality meeting does raise concerns about ex parte communication because the RPB members learn about the project outside of the normal approval process, but no records are required to be kept as to what occurs at the meeting.

AMy:

We also found that this meeting was awkward because the land use committee members and other RPB members were learning about the project for the first time and were asking us questions about the project in front of the town. We weren't a united front.

AMy:

We found the RPB and host town meeting redundant because we have to go to the town anyways, to get local approvals. The lack of clarity in the procedure resulted in us giving an additional presentation to the authority during the 2017 project.

AMy:

The modified procedure facilitates future renewable energy projects by reducing the burden on a new category of de minimus projects, which will make it more likely for RWA to pursue these projects. It streamlines the procedure by removing the redundant steps and fixing areas of confusion, like when to present to the authority. And it clarifies the procedure by adding additional steps to cover items not included in the original procedure.

AMy:

These are the changes we made. First of all, instead of being the Procedure for Future Renewable Economic Resource Projects, which we never really understand the name. We want to change it to Procedure for Renewable Energy Resource Projects. That way everyone knows what it's for.

AMy:

We also added a definition for renewable energy, which is based on energy sources associated with non-core business as defined in the enabling legislation. And that definition is associated with the definition from the Connecticut general statutes.

AMy:

We added a de minimis category for small solar projects. Those are solar rays installed on RWA rooftops or small ground mount arrays, a half acre or less, installed at water supply facilities as defined by the land use plan. We chose a half acre based on the requirement from UI and Eversource that their medium and small Zrec programs that require, they were raised to be less than 250kw. 250 kilowatts is approximately a half acre.

AMy:

Those two programs have separate funding amounts, approval types, and payment types. The RPB member meeting with the town and management was replaced with a land use committee meeting and consensus from the land use committee is required for the project to continue. Minutes must be kept at the meeting and the minutes and anything presented at the meeting must be included with the land use plan amendment application to avoid ex parte communication.

AMy:

We also added additional steps for obtaining regulatory approval and language as to what steps to take if DPH or the town has major concerns. Basically management will determine if the concerns are a major roadblock or if a remedy is available in the timeframe provided. So we're submitting the amendment application as a non substantial because we're just revising an interesting procedure and there's no environmental impacts. And it's consistent with plans of conservation and development for Connecticut, the South central region, Hamden and Branford, which all promote renewable energy.

AMy:

So I don't know how that well you guys can see this it might be small on your screens, but this is the current procedure. So basically you present to the authority and you receive approval. And then the next three steps are basically getting people together so that the management, the RPB members and the land use committee all meet with the town. Then after that, we go back and re present to the authority, get their approval whether or not to continue and then go straight to submitting in the land use plan amendment application, and then go through that process.

AMy:

So I know this one looks a lot busier, but we made it a lot more comprehensive. So up here at the beginning. The first thing you do is determine if your project meets the definitions of de minimis. And if it does, then the authority and RPB approval is not required, but you do have to advise the authority and the land use committee that you are starting a de minimis project.

AMy:

If it doesn't meet the definition of a de minimis, then you present to the authority and receive approval to continue the project and prepare a land use plan amendment. You invite the host town RPB member to a land use committee meeting, and you present your project to the land use committee and gain their consensus to proceed. Then basically you work with state and local regulatory officials to get approval for the land use plan amendment. If DPH or the town has significant concerns, you go to management to determine if it's a major roadblock. If it's not, then you would advise the authority and continue with the land use plan amendment application. If it is a major concern, then the project stops.

AMy:

If they didn't have major concerns, then you basically advise the authority and you continue with preparing the land use plan amendment application, and then you go and present it, provide a report to the authority and then present the land use plan amendment application and continue with that process. So I know I ran through all of that pretty quickly. Does anybody have questions?

Tony:

Oh, I think it makes it much clearer.

AMy:

Okay.

Tony:

As confusing as the chart looks, the flow is nice. Okay. Now the first time you do it, you will find out all the things that are wrong with it looks like it should go work next.

Ted:

Thank you. So we have a resolution in the package that Jennifer has as well as a letter from the authority to the RPB asking for them to consider and approve the project.

Tony:

The North Cheshire project?

Ted:

No, the land use plan amendment.

Tony:

Oh, you have to call that...

Ted:

I called it a project. You're right. It's not a project. It's a land use plan amendment. Thank you. Okay.

David:

I'll move the motion in the packet.

Kevin:

Are are we in executive session though?

Tony:

we have to come out.

David:

Okay, Sorry. I jumped the gun.

Suzanne:

Yeah. Troublemaker

Tony:

So we're ready to come out, all in favor of exiting executive session?

Kevin:

Aye.

Suzanne:

Aye.

Tony:

Motion carries. Even if I made the motion. Now you want to take a vote on that procedure?

[END OF AMY'S PRESENTATION AND POSSIBLY EXECUTIVE SESSION? PROBABLY NO]

Suzanne:

Or make a motion on the...

David:

Oh sorry, go on Sue.

Suzanne:

No go ahead. I thought maybe we should make a motion first and then we'll vote on it.

David:

To approve the application or forward to the RPB.

Tony:

Yep.

Suzanne:

I'll second.

Tony:

Is there a second?

Suzanne:

Yes. I'd second it.

Tony:

Any discussion?

Suzanne:

Can I just ask one question? Has it been run by the RPB?

Ted:

It has been run by the LUC, who was the first part of the RPB to hear it. And they have said that this looks good to them.

Tony:

Okay so they are the relevant committee. Right?

Ted:

Right.

Suzanne:

Okay, fine. Thank you.

Tony:

All in favor. Aye.

Suzanne:

Aye.

Ted:

Aye.

Tony:

Motion carries. Procedure gets put in to place until next time. I'll entertain a motion to recess the authority and meet as the business committee.

Ted:

Thanks Amy.

AMy:

All right. Thank you.

Suzanne:

So moved.

Tony:

Any second.

David:

Second.

Tony:

All in favor. Aye.

Suzanne:

Aye.

Tony:

All yours David.

[NON-CORE BUSINESS COMMITTEE MEETS AT 3:33 P.M. TO 4:19 P.M.]

Opposed. Motion carries. I entertain a motion to adjourn.

David:

So moved.

Suzanne:

Second.

Kevin:

Second.

Suzanne:

All in favor Aye.

David:

Aye.

Suzanne:

Aye.