

**Representative Policy Board
RPB Bylaws and Rules Review Committee
South Central Connecticut Regional Water District
Via Remote Access****

AGENDA

Special Meeting of Wednesday, October 7, 2020 at 5:00 p.m.

1. Safety Moment
2. Discuss Capital Project Process
3. Next Steps
4. Schedule next meeting
5. Adjourn

******In accordance with the Governor Lamont's, Executive Order No. 7B for the Protection of Public Health and Safety during COVID-19 Pandemic and Response, the public hearing will be held remotely under the requirements of Paragraph 1 of Executive Order No. 7B - Suspension of In-Person Open Meeting Requirements. Members of the public may attend the meeting via conference call, videoconference or other technology. For information on attending the meeting via remote access, and to view meeting documents, please visit <https://www.rwater.com/about-us/our-boards/board-meetings-minutes?year=2020&category=1435&meetype=&page=>. For questions, contact the board office at 203-401-2515.

Topic: RPB Bylaws and Rules Review Committee

Time: Oct 7, 2020 05:00 PM Eastern Time (US and Canada)

Join Meeting (*via conference call*)

Dial by your location

+1 301 715 8592 US (Germantown)

+1 312 626 6799 US (Chicago)

+1 646 876 9923 US (New York)

+1 346 248 7799 US (Houston)

+1 408 638 0968 US (San Jose)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

Meeting ID: 821 8686 8763

Passcode: 287817

Find your local number: <https://us02web.zoom.us/j/kdKXh3TKja>

SAFETY MOMENT

OCTOBER – FIRE SAFETY AWARENESS

There are general fire safety precautions you should follow regardless of where you live. Taking time to review tips about the following fire safety issues can help you create a safer and more secure living environment for you, your friends, and family.

Escape Plans: You should always have an escape plan. You may need to escape within a few minutes of a fire's start, so your safe exit depends on immediate warning from smoke alarms.

Smoke Alarms: Proving smoke alarms in bedrooms may be the single most important step toward preventing fire-related casualties in residential buildings.

Candles and Incense: Most candle fires take place in the bedroom, and may occur when candles are left unattended. In addition, winter holidays and New Year's Eve are peak times for candle fires, so be sure to use caution when celebrating with open flames.

Cooking: Unattended cooking is the leading cause of these fires, most of which start with the ignition of common household items including grease, paper, cabinets and curtains.

Tap Into
Safety



Regional Water Authority



Service – Teamwork – Accountability – Respect – Safety

Safety is a core company value at the Regional Water Authority .
It is our goal to reduce workplace injuries to zero.

 Regional Water Authority

shall be made available for cross examination as directed by the Presiding Member or the Hearing Officer.

Part 4

Public Hearings, Decision

Section 20. Filing of Proposed Findings of Fact, Conclusions of Law and Briefs.

At the conclusion of the presentation of evidence in any Public Hearing, the Board or the Hearing Officer may fix a time within which any Person may file proposed findings of fact, conclusions of law, and briefs.

Section 21. Final Decision.

(a) Procedure and Contents. All decisions of the Board respecting any application shall be in writing (which writing may be in the form of minutes reflecting such decision). The decision shall be supported by the findings of fact and conclusions of law relied upon by the Board in arriving at the decision, the findings of fact and conclusions of law to be separately stated.

(b) Notice of Decision. Copies of all decisions or orders of the Board shall be available for public inspection in the offices of the Board. Any decision of the Board on matters considered at a Public Hearing shall be published in a newspaper or newspapers having a general circulation in each city and town comprising the District within thirty days after each decision is made. In addition to the required newspaper publication, decisions may also be posted on the Authority's website.

(c) Time Period to Make Decision. Failure of the Board to reject or deny any proposed action by the Authority within 150 days after the filing of an application shall be deemed to be an approval of such proposed action unless the Authority shall grant an extension or extensions of such time limits for up to the aggregate maximum of sixty days. In rate cases, a period of 110 days will apply unless the Authority shall grant an extension or extensions of such time limits for up to the aggregate maximum of sixty days; provided however, in the case of temporary rate surcharge cases filed pursuant to Section 31(c), a period of 60 days will apply unless the Authority shall grant an extension or extensions of such time limits for up to the aggregate maximum of 30 days.

Section 22. Reserved.

ARTICLE II

APPLICATIONS

Part 1

Applications, General Provisions

Section 23. General Rule.

Applications shall include all forms of proposals, requests, applications, petitions, and filings of whatever nature whatsoever that are placed before the Board pursuant to the Act.

Section 24. Form.

The form to be followed in the filing of applications hereunder will vary to the extent necessary to provide for the nature of the legal rights, duties or privileges involved therein. Nevertheless, all applications shall include the following components:

(a) Statement of Application. Each application shall incorporate a statement setting forth clearly and concisely the authorization sought. The statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board. In addition to the specific requirements for particular types of applications that may hereinafter be stated, the statement of application shall further set forth:

(i) an explicit statement setting forth the need for the proposed action for approval;

(ii) an analysis of the alternatives to the proposed action considered by the Authority and the basis for selection of the proposed action and the rejection of the possible alternatives;

(iii) a statement of the cost (both capital and operating) to be incurred and/or saved from current expenditures as the case may be as a result of such proposed action and an analysis of the cost and/or savings to be realized from any rejected alternative, including the taking of no action;

(iv) a concise and explicit statement of the facts on which the Board is expected to rely in granting the authorization sought and;

(v) an explanation of any unusual circumstances involved in the application, to which the Board will be expected to direct its particular attention.

(b) Annexed Materials. There shall be attached to the application any exhibits, sworn written testimony, data, models, illustrations and all other materials that the applicant deems necessary or desirable to support the granting of the application. In addition, such annexed materials shall also include such exhibits, sworn testimony, and other data that any statute or these rules may require.

Section 25. Original Records.

The applicant shall furnish and make available for the use of the Board the original books, papers and documents from which any part of the application is derived. If so directed, certified or verified copies shall be furnished in lieu of such original records. Failure to furnish original records may be ground for rejection of any component and, if appropriate, for refusal of the application.

Section 26. Rejection of Application.

Failure of the Board or a committee thereof to reject and return to the Authority an application as incomplete within thirty days of filing shall be deemed acceptance of the application as complete under these rules.

Section 27. Incomplete Filings.

An application shall be considered complete if it complies with Section 24 as to form and with Sections 30 to 40 as to special provisions. When called to the attention of the Authority for lack of completeness, an application must be promptly corrected. If such is not the case, the application may be rejected and deemed denied for lack of proper submission.

Section 28. Reserved.

Section 29. Additional Evidence.

The enumeration of required items hereinafter set forth as the minimum evidentiary submission in the following sections shall not preclude the submission of additional evidence hereunder.

APPLICATIONS, SPECIAL PROVISIONS

Part 2

Rate Fixing

(Section 14 of the Act)

Section 30. General Rule.

These rules apply to all proceedings involving the fixing of the Authority's rates, including all proposed amendments to existing rates and proposed new rates, which shall be referred to as Rate Applications hereinafter. Such Rate Applications shall include all requests by the Authority pursuant to Section 14 of the Act to fix or change any rate or charge, or to alter any classification, contract, practice or rule which will result in a rate change. All such Rate Applications shall comply with the rules hereinabove set forth in Part 1 of this Article II.

Section 31. Special Components.

(a) Each Issuance Test Rate Application filed pursuant to Section 619A of the Authority's *Water System Revenue Bond Resolution General Bond Resolution* shall contain the following data either in the statement of application or as exhibits annexed thereto and accompanying the application:

(i) **Rate Application: Section I**

(A) A summary statement explaining the nature of the Rate Application and highlighting its key elements. Such statement shall cite by appropriate reference the statutory provision or other authority under which such authorization is to be granted by the Board and shall further set forth:

(1) a statement explaining the nature of an Issuance Test Rate Application, including a reference to Section 619A of the Authority's *Water System Revenue Bond*

Part 3

Acquisitions and Improvements

(Section 19 of the Act)

Section 32. General Rule.

These rules apply to all proceedings for the approval by the Board of any proposal of the Authority to acquire any existing water supply system or parts thereof, any existing waste water system or parts thereof, commence any project costing more than two million dollars to repair, improve, construct, reconstruct, enlarge or extend any of its properties or systems or acquire or make an investment in a non-core business in an amount exceeding \$1 million. For system improvement projects over two million dollars, the Authority shall be authorized to expend the Authorized Expenditure. The expenditure of any funds in excess of Authorized Expenditure shall require approval of the Board.

Section 33-A. Special Components.

In addition to the requirements stated in Part 1 of this Article II, each application for the approval of any such proposal shall contain the following data, either in the statement of application or as exhibits annexed thereto and accompanying the application:

(a) A statement of financial condition of the Authority and of any company which the Authority proposes to acquire. Such statement will reflect the financial condition of the Authority before and after the transaction for which approval is sought.

(b) A copy of any agreement to acquire.

(c) The amount of bonds or other obligations the Authority intends to issue, and to the extent available, the terms and rate of interest thereof and the amount and description of any indebtedness the Authority desires to assume.

(d) A copy, if available, of any documents intended to secure or define the terms of the proposed bonds or other obligations.

(e) A statement of the purpose for which bonds or other obligations are to be issued, including but not limited to the following facts:

(i) If for property acquisition, a detailed description thereof, the consideration to be paid therefor, and the method of arriving at the amount.

(ii) If for repair, improvement, construction, enlargement or extension of facilities, a description thereof in reasonable detail, the cost or estimated cost thereof, and the reason or necessity for the expenditures.

(iii) If for improvement of service, a statement of the character of the improvements proposed, or if for maintenance of service, a statement of the reasons why service

should be maintained from capital.

(f) A description of any property involved in the transaction, including any franchises, permits, or operative rights; and, if the transaction is a sale, lease, assignment, merger or consolidation, a statement of the book cost and the original cost, if known, of the property involved.

(g) Any application for repair, improvement, construction, enlargement or extension of facilities may include a cost index adjustment to account for the passage of time between the date on which the estimate of project cost was determined and the completion date of the project. A cost index adjustment may be included in the application, if, and only if, the projected primary contract execution date will be more than twelve months after the date of cost estimate, and the projected completion date is more than two years from the date of approval. The initial cost estimate shall be based upon the projected project cost as of the date of estimation irrespective of, and without adjustment for, the projected time to complete the project. Such cost index adjustment shall be based upon the Handy Whitman Index or other industry standard index appropriate for the item of cost to be adjusted. Any application requesting approval of a cost index adjustment shall include (i) the date or dates as of which the cost estimate for the project has been determined; (ii) the date or dates projected for the entering of the contract for the construction of the component or components of the cost, which are to be subject to the adjustment by the cost index and the rationale or basis for the projected dates; (iii) the projected completion date of the project and the basis and rationale for that date; and (iv) the cost index or indices to be utilized for each component of cost and the rationale for choosing each index.

(h) Any application for repair, improvement, construction, enlargement or extension of facilities which includes a contingency as a component of cost shall include the basis and rationale for such contingency.

Section 33-B. Additional Procedures for Projects Costing More than Two Million Dollars.

In addition to the requirements of Section 33-A, the process for obtaining Board approval of projects costing more than two million dollars or where the original estimate was less than two million dollars but where subsequent estimates exceed two million dollars shall be for the Authority or the Authority's management to make a presentation first to the Finance Committee of the Board and subsequently to the Board.

Section 33-C. Additional Procedures for Project Costs Exceeding Authorized Expenditures.

In addition to the requirements of Section 33-A, in all instances when project costs are estimated to exceed Authorized Expenditure, approval of the revised project cost by the Board shall be required. The process to be followed in such instances is as follows:

(i) The Authority shall simultaneously notify in writing the Chairperson of the Board and the Chairperson of the Finance Committee of the Board of the fact that the project is estimated to cost more than Authorized Expenditure.

(ii) If no action is taken by the Board within forty-five days after receipt of notification that the estimated cost is likely to exceed Authorized Expenditure, the revised project

cost shall be deemed approved unless the Authority shall grant an extension or extensions of such time limit for up to an aggregate maximum of sixty days.

(iii) The revised project cost or any subsequent revised project cost approved by the Board shall not be exceeded without further approval of the Board.

(iv) In the event the Board shall disapprove a proposed revised project cost, the Authority shall not expend an amount in excess of the greater of (a) Authorized Expenditure or (b) any subsequently approved revised project cost.

Section 33-D. Components of a Section 19 Application to Acquire or Make an Investment in a Non-core Business in Excess of \$1 million. References in these Rules to “purchase” or “acquisition” of a non-core business shall be deemed to include an investment in such a business.

1. **General Background:** A description of the company or enterprise to be purchased including:

- type of business;
- product(s) or service(s) offered;
- location(s);
- description of real estate owned, leased or in possession of;
- annual revenues for the past three years;
- number of employees;
- form of organization, e.g. a sole proprietorship, partnership, corporation (C, S or non-stock), limited liability company (LLC);
- any subsidiary or affiliated companies.

2. **History of the company:** Provide the date the business was founded, key individuals in the organization and how it expanded over time. Include a description of any recent sales of the company or changes in ownership. List any prior sales or changes in ownership. Include an explanation of why the business was sold and why it is now for sale.

3. **Management/Employees:** Provide an overview of the management of the company including management or key employees and whether they will stay with the business after the sale. Describe existing non-compete and non-solicitation agreements in effect and whether they have been reviewed for enforceability. Identify any union/ labor issues including any planned integration with the Authority’s present labor force. Describe employee benefits including pension and health benefits, including whether pension plan is underfunded and the amount necessary to fully fund the pension plan. Provide any planned changes in management, number of employees or benefits after the acquisition. Identify the Authority employee who will be primarily responsible for managing the new business together with a description of that individual’s qualifications and experience.

4. **Financial Records:** Include financial records (audited by a CPA if available) for the past three to five years and any separate federal and state tax returns together with the credentials of the return preparer. Describe any significant contracts, vendor contracts or leases that will be part of the purchase of the business. Explain whether any will be assumed or terms renegotiated.

5. **Regulatory, Environmental & Legal Issues:** Describe any regulatory or environmental issues affecting the business including any current or threatened litigation. List disclosed liabilities.

Describe efforts to identify undisclosed liabilities. List and describe contractual obligations.

6. **Sales & Marketing:** Explain how the current sales and marketing of the products or services is accomplished. Describe sales staff compensation (commissions or salary) and the extent to which the current owner is responsible for selling or bidding the work. If so, state whether that function will be assumed by another person in the firm or whether someone will need to be hired. Provide a plan of how the Authority will facilitate the transition of the customers to the new ownership. Describe whether and how the sales of the firm's products or services will be expanded in the next three to five years. Explain how the business set its prices for its products and services. Provide the market size and this company's share of it. Explain how the Authority owning the organization will result in growth of sales and market share.

7. **Customer Diversification.** List any customers who comprise 10% or more of the sales. State whether sales for the company are heavily concentrated in a small number of customers or a broad diversified customer base. Describe the type of customer by location and product or service line.

8. **Competition:** Describe the competition and whether it is direct competition or indirect through substitute products or services. State whether the competition is well-established and well-funded. Provide the company's market share and outline any barriers to market entry by new participants.

9. **Industry Trends:** Provide an overview of where the industry is going and whether it is consolidating or expanding. Identify any new innovation in the industry that will require significant changes in how business is conducted. Explain the industry trends and whether there is new innovation on the horizon.

10. **Transaction document(s).** Provide a copy of the stock or asset purchase agreement or other acquisition document.

11. **Five-year forecast.** Provide a five-year forecast of revenues, expenses and anticipated capital expenditures. Identify the key metrics that the Authority will use to measure the future performance of the business.

12. **Conflicts of interest.** Describe any potential conflicts of interest concerning Authority employees, Authority members, Board members, company employees and company board members. Describe any potential conflicts of interest or financial impacts regarding the Authority's existing operations.

13. **Valuation.** Identify the firm, analyst and/or Authority employee that determined the company's value. Provide a copy of any written analysis or valuation opinions.

14. **Risks.** Identify all material risks (including legal, regulatory, environmental and financial) associated with the new business and its integration with the Authority's existing operations. Describe any steps to be taken to insulate the Authority's water customers from these risks.

15. **Conclusion:** Are there any other factors that the Board should take into consideration in reviewing the application for acquisition of this business?

Part 4

Land Use Standards and Disposition Policies for the Real Property of the Water Supply System

(Section 18(b) of the Act)