

South Central Connecticut Regional Water Authority

Via Remote Access**

AGENDA

Regular Meeting of Thursday, February 18, 2021 at 12:30 p.m.

- A. Safety Moment
- B. Meet as Audit-Risk Committee: T. DiSalvo
 - 1. Approve Minutes – December 17, 2021 meeting
 - 2. Plan of Audit – FY 2021: D. Smith and R. Nossek
 - 3. Cyber Security Update – Including Executive Session: P. Singh
- C. Consent Agenda
 - 1. Approve Minutes – January 21, 2021 meeting
 - 2. Capital Budget Authorization – March 2021
 - 3. Capital Budget Transfer Notification (no action required) – March 2020
 - 4. Monthly Financial Report – January 2021
 - 5. Accounts Receivable Update – January 2021
 - 6. Derby Tank Update
 - 7. North Cheshire Update
- D. Finance: R. Kowalski
 - 1. Resolution to ratify Authority's long-term investment return assumption
- E. Report on Code of Ethics compliance for the period ended November 30, 2020: J. Reckdenwald
- F. Updates: L. Bingaman
 - 1. COVID Update: B. Nesteriak and R. Kowalski
 - 2. Monthly Board Letter Highlights: L. Bingaman
- G. Board Resolution
- H. Distribution System Overview: L. Bingaman, B. Nesteriak, and J. Courchaine
- I. RPB Committee meeting reports
- J. Meet as Strategic Planning Committee: D. Borowy
 - 1. Approve Minutes – November 19, 2020 meeting
 - 2. Future of RWA – Blue Sky Roadmap and revised 2025 Strategic Plan: L. Bingaman and B. Nesteriak
 - 3. *Update on CEO's priorities - Including Executive Session: L. Bingaman
- K. Act on matters arising from Committee meetings
- L. Executive session to discuss acquisition and real estate negotiations: L. Bingaman, D. Donovan, and T. Norris

**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 meeting will be held remotely. 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=2021&category=1422&meettype=&page=>. For questions, contact the board office at jslubowski@rwater.com or call 203-401-2515.

**RPB Member (T. Slocum) is excused at Item J.3*

Topic: Authority Regular Meeting

Time: Feb 18, 2021 12:30 PM Eastern Time (US and Canada)

Join Zoom Meeting (*via conference call*)

Dial by your location

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 646 876 9923 US (New York)

+1 408 638 0968 US (San Jose)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

Meeting ID: 884 0182 2054

Passcode: 139890

Find your local number: <https://us02web.zoom.us/j/kdLCE7f9XH>

SAFETY MOMENT

February – Radon Action

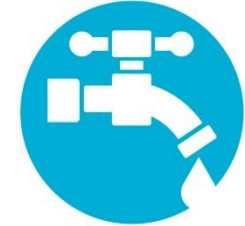
Radon is the second leading cause of lung cancer in the United States and results in 20,000 deaths annually. Radon is a radioactive gas that comes from the natural decay of uranium found in most soils. High radon levels have been found in every state.

Take precautions by:

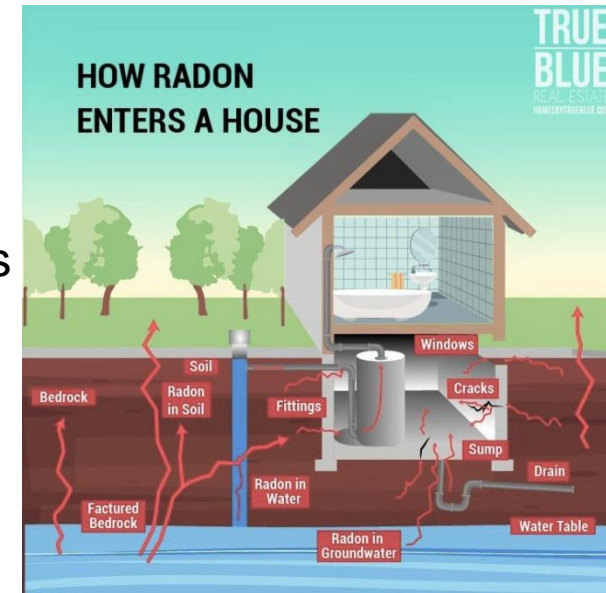
- Stop smoking
- Increase air flow in your house by opening windows and using fans to circulate air
- Seal cracks in floors and walls
- Hire a company to test your home for radon

Service – Teamwork – Accountability – Respect – Safety

**Tap Into
Safety**



Regional Water Authority



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

 Regional Water Authority

**South Central Connecticut Regional Water Authority
Audit-Risk Committee**

Minutes of the December 17, 2020 Meeting

A regular meeting of the South Central Connecticut Regional Water Authority Audit-Risk Committee took place on Thursday, December 17, 2020, via remote access. Chairman Cermola presided.

Present: Committee – Messrs. Cermola, Borowy, Curseaden, DiSalvo and Ms. Sack
Management – Mss. Collins, Kowalski, Nesteriak, Reckdenwald, Schenkle and Messrs. Bingaman, Norris and Singh
RPB –Mr. Levine
Staff – Mrs. Slubowski

The Chair called the meeting to order at 2:58 p.m.

On motion made by Mr. Borowy, seconded by Mr. Curseaden, and unanimously carried, the Committee approved the minutes of its meeting held on September 17, 2020.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 3:00 p.m., on motion made by Mr. Borowy, seconded by Mr. DiSalvo, and unanimously carried, the Committee voted to go into executive session to discuss security issues. Present in executive session were Committee members, Mss. Collins, Kowalski, Nesteriak, Reckdenwald, Slubowski and Messrs. Bingaman, Levine, Norris and Singh.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 3:15 p.m., the committee came out of executive session and Ms. Schenkle entered the meeting.

Ms. Schenkle, the RWA's Manager of Environmental, Health, Safety and Risk, provided a Risk Management Update, which included:

- Reporting, Monitoring and Results
- Motor Vehicle Accidents and Claims
- Insurance and Claims Management
- COVID Impact

Ms. Nesteriak, the RWA's Executive Vice President and Chief Operating Officer, reported that she and Ms. Schenkle will be reviewing the top ten risks of the organization in light of the 2020 claims experienced to ensure the mitigation plans are appropriate.

At 3:28 p.m., on motion made by Ms. Sack, seconded by Mr. Curseaden, and unanimously carried, the meeting adjourned.

Borowy	Aye
Cermola	Aye
Curseaden	Aye

South Central Connecticut Regional Water Authority
Audit-Risk Committee
December 17, 2020

UNAPPROVED DRAFT

DiSalvo	Aye
Sack	Aye

Joseph Cermola, Chairman



CLA (CliftonLarsonAllen LLP)
29 South Main Street
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West Hartford, Connecticut 06107
860-561-4000 | fax 860-521-9241
CLAconnect.com

February 9, 2021

Regional Water Authority
South Central Connecticut Regional Water Authority
New Haven, CT 06511-5966

We are engaged to audit the financial statements of the business-type activities, and the aggregate remaining fund information of Audit 21 So Central CT Reg Water Auth as of and for the year ended May 31, 2021. Professional standards require that we communicate to you the following information related to our audit. We will contact you to schedule a meeting to discuss this information since a two-way dialogue can provide valuable information for the audit process.

Our responsibility under Auditing Standards Generally Accepted in the United States of America and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Our responsibilities, as described by professional standards, are as follows:

- Forming and expressing opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.
- Considering, as part of planning and performing our audit, the entity's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.
- Considering internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- Planning and performing the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements as a whole are free from material misstatement.
- Performing, as part of obtaining reasonable assurance about whether the entity's financial statements are free of material misstatement, tests of the entity's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit.
- Examining, in accordance with the Uniform Guidance, on a test basis, evidence about the entity's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the entity's compliance with those requirements. While our audit

will provide a reasonable basis for our opinion, it will not provide a legal determination on the entity's compliance with those requirements.

- Communicating significant matters related to the financial statement audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the financial statements does not relieve you or management of your responsibilities.

With respect to the required supplementary information (RSI) accompanying the financial statements, we will make certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We will compare the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we will not express an opinion or provide any assurance on the RSI.

Our responsibility for the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the SEFA in relation to the financial statements as a whole and to report on whether the SEFA is fairly stated, in all material respects, in relation to the financial statements as a whole. We will make certain inquiries of management and evaluate the form, content, and methods of preparing the SEFA to determine whether the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We will compare and reconcile the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our auditors' opinions, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. Our responsibility for other information in documents containing the entity's financial statements and our auditors' report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. We are required by professional standards to read the other information in order to identify material inconsistencies between the audited financial statements and the other information because the credibility of the audited financial statements and our report may be undermined by material inconsistencies between the audited financial statements and other information.

Planned scope and timing of the audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit of the financial statements will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters may be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

The audit will be scheduled and will progress according to the attached Audit Schedule.

This communication is intended solely for the information and use of the Regional Water Authority and management of South Central Connecticut Regional Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

CliftonLarsonAllen LLP

A handwritten signature in blue ink that reads "Ronald W. Nossek".

Ronald Nossek, CPA
Principal
401-330-2743
Ronald.Nossek@CLAconnect.com

**SOUTH CENTRAL CONNECTICUT REGIONAL WATER AUTHORITY
AUDIT SCHEDULE
FOR THE YEAR ENDING MAY 31, 2021**

February 18, 2021	BlumShapiro meets with the Authority at 12:30 pm to review audit plan - firm date.
March 8, 2021	BlumShapiro meets with Finance Committee of RPB at 5:00 pm to review audit plan - firm date.
March 29, 2021	BlumShapiro sends the management an audit request listing for interim fieldwork.
April 12 - April 14, 2021	BlumShapiro completes internal control work and performs planning and begins year-end audit fieldwork. (Conference room space will be reserved)
April 14, 2021	BlumShapiro sends management an audit request listing for year-end fieldwork.
June 18, 2021	Management sends BlumShapiro reports for unbilled for sample testing selections
June 23, 2021	BlumShapiro sends Management selections for final fieldwork testing.
July 21, 2021	Management provides final trial balance, new accounts, and associated mapping to BlumShapiro.
July 22 – August 3, 2021	BlumShapiro performs year-end fieldwork.
July 23, 2021	BlumShapiro provides draft Excel Financial Statements for management to review the Financial Statements groupings.
July 27 – August 1, 2021	Management provides footnote support to BlumShapiro.
August 3, 2021	BlumShapiro provides draft footnote report and schedules.
August 6, 2021	Management to provide final footnotes to BlumShapiro.
August 10 – 11, 2021	BlumShapiro meets with management to finalize footnotes and open FS items (if needed)
August 12, 2021	Management provides BlumShapiro with updated wording for footnotes
August 18, 2021	BlumShapiro provides management with draft audit report (Financial Statements and Footnotes) and draft management letter.
August 25, 2021	Management responds to draft audit report and draft management letter.
September 1, 2021	BlumShapiro sends management an electronic file containing signed audited financials.
September 10, 2021	Management receives bound reports for mailing to Board Members

September 16, 2021

BlumShapiro meets with the Authority at 12:30 pm to review the audit results
- **firm date**.

October 4, 2021

BlumShapiro meets with Finance Committee of RPB at 5:00 pm to review the
audit results - **firm date**.

**South Central Connecticut Regional Water Authority
Minutes of the January 21, 2021 Meeting**

A regular meeting of the South Central Connecticut Regional Water Authority (“RWA” or “Authority”) took place on Thursday, January 21, 2021, via remote access. Chairman Borowy presided.

Present: Authority Members Present – Messrs. DiSalvo, Borowy, Cermola, Curseaden, and Ms. Sack
Management – Mss. Collins, Kowalski, Nesteriak, Reckdenwald, and Messrs. Bingaman, Norris, and Singh
RPB – Greg Malloy
Staff – Mrs. Slubowski

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

Ms. Reckdenwald, RWA’s Senior Vice President of Corporate Services, reviewed the Safety Moment distributed to members.

At 12:31 p.m., on motion made by Mr. Curseaden, seconded by Ms. Sack, and unanimously carried, the Authority voted to recess the regular meeting to meet as the Pension & Benefit Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 1:31 p.m., the Authority reconvened.

Mr. Curseaden requested that Item 5, Derby Tank Update, be removed from the Consent Agenda for further discussion.

On motion made by Mr. Curseaden, seconded by Mr. DiSalvo, and unanimously carried, the Authority voted to approve, adopt, or receive, as appropriate the following items in the revised Consent Agenda, as amended:

1. Minutes of the December 17, 2020 meeting.
2. Capital Budget Authorization for February 2021.

RESOLVED, the Vice-President of Financial Services is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$1,600,000 for the month of February 2021 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2021 for all Capital Improvement Projects to be exceeded. In the absence of the Vice- President of Financial Services, the Vice-President of Asset Management is authorized to sign in her place.

3. Monthly Financial Report – December 2020
4. Accounts Receivable - December 2020
5. North Cheshire Update
6. Adopt Revised Schedule of Calendar Year 2021 RWA Committee Regular Meeting Dates

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Mr. Bingaman, the RWA's President and Chief Executive officer provided an update on the Derby Tank project. He reported that since the last update the judge rendered a decision on the appeal; and the judge has ruled in the favor of RWA.

Ms. Nesteriak, RWA's Executive Vice President and Chief Operating Officer, reported on activities over the past month, which included:

- Status of COVID-19 at RWA
- Status of State of Connecticut vaccination protocols
- Status of remote work protocols
- Disinfection and increased cleaning procedures

Authority members discussed the RWA 2021 Committee Chair Assignments and the revised 2021 Committees calendar year regular meeting dates.

Ms. Kowalski provided an update of cash receipts and billing post-COVID-19. She reported that the impacts of COVID-19 on cash collections, to date, are not as severe as expected but that there is still uncertainty of the effects of the pandemic and noted that the revised budget assumes a full back to normal in January. She stated that cash collections are being monitored weekly.

Mr. Bingaman:

- Provided an update on the Lab Acquisition. The RWA has partnered with Citrin Cooperman and is finalizing a comprehensive financial analysis.
- Commented on a zoom cast meeting with employees earlier in the week to kick-off a company-wide initiative to improve our focus within the RWA to provide a more diverse and inclusive workforce. The meeting also introduced the Diversity, Equity, and Inclusion initiative to all employees at and reflected on 2020. He also shared a 3-minute video that was created and produced by the communications department as a tribute to employees during what was a very tough year.
- Is continuing with efforts to work with a professional grant writer for additional funding for the capital improvement program.
- Updated members on the framework of RWA's 2020-2025 strategic plan and fiscal year 2021 initiatives and working to align procurement function to a centralized system to control spending, limit inventory redundancy, and increase operational efficiencies.

- Highlighted that Ms. Kowalski will be a panelist during a two-day virtual workshop hosted by the Connecticut Water Planning Council and the Alliance for Water Efficiency.

Authority members reported on recent Representative Policy Board committee meetings and assignments were made for the first quarter RPB committee meetings.

At 2:08 p.m., on motion made by Mr. Cermola, seconded by Mr. DiSalvo, and unanimously carried, the Authority voted to recess the meeting to meet as the Compensation Committee.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 2:09 p.m., Mss. Collins, Kowalski, Nesteriak, Reckdenwald and Mr. Norris withdrew from the meeting.

At 2:20 p.m., Mr. Bingaman withdrew from the meeting and returned at 2:27 p.m.

At 3:08 p.m., the Authority reconvened and Mss. Collins, Kowalski, Nesteriak and Mr. Norris entered the meeting.

Mr. Cermola, Chair of the RWA's Compensation Committee, reported that the committee is recommending to the Authority a 3% merit increase for the RWA's Senior Executive Team, effective February 1, 2021, with the exception of the President and Chief Executive Officer (CEO), who refused an increase at this time.

On motion made by Mr. Cermola, and seconded by Mr. DiSalvo, the committee voted to recommend a 3% merit increase for the RWA's Senior Executive Team, not including the President and CEO, effective February 1, 2021.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Nay

Mr. Norris, the RWA's Vice President of Asset Management, provided an overview of the Lake Whitney Dam refurbishment project. He stated that an RPB Application would be presented later this fiscal year.

At 3:24 p.m., on motion made by Mr. DiSalvo, and seconded by Ms. Sack, and unanimously carried, the meeting adjourned.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye

Sack

Aye


Respectfully submitted,

Kevin Curseaden, Secretary

South Central Connecticut Regional Water Authority
90 Sargent Drive, New Haven, Connecticut 06511-5966 203.562.4020
<http://www.rwater.com>

MEMORANDUM

TO: David J. Borowy
Joseph A. Cermola
Kevin J. Curseaden
Anthony DiSalvo
Suzanne C. Sack

FROM:  Rochelle Kowalski
Vice-President of Financial Services

DATE: February 12, 2021

SUBJECT: Capital budget authorization request for March 2021

Attached for your meeting on February 18, 2021 is a copy of the resolution authorizing expenditures against the capital improvement budget for March 2021. The amount of the requested authorization, for funds held by the trustee, is \$2,300,000.

In addition, from the Growth Fund, approximately \$75,000 is expected to be used for the Non-Core Billing project.

This would result in projected expenditures through March 2021 of \$14,641,198 or 60.5% of the total 2021 fiscal year capital budget.

Attachment

RESOLVED

That the Vice-President of Financial Services is authorized to submit to the Trustee one or more requisitions in an aggregate amount not to exceed \$2,300,000 for the month of March 2021 for transfer from the Construction Fund for capital expenditures. Each such requisition shall contain or be accompanied by a certificate identifying such requisition and stating that the amount to be withdrawn pursuant to such requisition is a proper charge to the Construction Fund. Such requisitions are approved notwithstanding the fact that amounts to be withdrawn for a particular project may exceed the amount indicated for such month and year in the current Capital Improvement Budget but will not cause the aggregate amount budgeted for fiscal year 2021 for all Capital Improvement Projects to be exceeded. In the absence of the Vice-President of Financial Services, the Vice-President of Asset Management is authorized to sign in her place.

South Central Connecticut Regional Water Authority
90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020
<http://www.rwater.com>

TO:

David J. Borowy
Joseph A. Cermola
Kevin J. Curseaden
Anthony DiSalvo
Suzanne C. Sack

FROM: Rochelle Kowalski

DATE: February 12, 2021

SUBJECT: Capital Budget Transfers

The status of all capital projects are reviewed on a monthly basis. In an effort to obtain efficiencies in our capital program, any anticipated unspent funds are reallocated to support reprioritized projects or existing projects. Below is a summary of the attached capital budget transfers and amendments.

	Available Funds	Reallocation of Project/Funds
West Avenue Tank	\$160,000	North Sleeping Giant Well 1B Pump & Motor Replacement

CAPITAL BUDGET AMENDMENT REQUEST

Request Date:	12/17/2020	Type	Log	Mo/Yr
Requesting Division:	Engineering	B2	21-13	Dec/20
Requested By:	Hetal Shah			

Transfer From:	
Account Number:	001-000-107142-090023
Project Description: West Avenue Tank Painting	
A) Original Budget	1,054,000
B) Total Previous Transfers (In or Out)	300,000
C) This Transfer	160,000
D) Revised Budget (A+/-B-C)	594,000
E) Estimated Project Costs	500,000
F) Remaining Funds Available for Transfer, if any (D-E)	94,000
<p>Explanation why funds are available:</p> <p>As a result of more work than anticipated being performed during FY 2020, project work for FY 2021 will be completed under budget.</p>	

Transfer To:	
Account Number:	To be created
Project Description:	North Sleeping Giant Well 1B Pump & Motor Replacement
A) Original Budget	0
B) Previous Transfers (In or Out)	0
C) Revised Budget (A+/-B)	0
D) Amount to be Transferred	160,000
E) Proposed Revised Budget (C+D)	160,000
<p>Explanation why funds are needed:</p> <p>This amendment will fund the replacement of the submersible pump and motor for North Sleeping Giant Well 1B. The motor was found to be in significant failure in October 2020, and the well was for further evaluation and replacement. This well is critical for summer operation, and as a result of known long lead times for equipment, this work should be started as soon as possible. The project includes the installation of a new pump, motor, and VFD, as well as associated electrical and control work. The total cost of the project is estimated at \$160,000.</p>	

Approvals As Required By Type	Signature	Date
1) Requesting Vice President/Director	Edward O. Norris III	
2) Donor Vice President/Director	Edward O. Norris III	
3) Vice President - Finance	Rochelle Kowalski	
4) Executive Vice President & Chief Operating Officer	Beth Nesteriak	
5) Chief Executive Officer	Larry L. Bingaman	
6) Authority Members	Copy of minutes attached if required	

Signature: Edward O. Norris III
Edward O. Norris III (Dec 18, 2020 08:09 EST)
Email: tnorris@rwater.com

Signature: Beth Nesteriak
Beth Nesteriak (Dec 18, 2020 09:34 EST)
Email: bnesteriak@rwater.com

Signature: Rochelle Kowalski
Rochelle Kowalski (Dec 18, 2020 08:55 EST)
Email: rkowalski@rwater.com

Signature: Larry L. Bingaman
LarryLBingaman (Dec 18, 2020 11:55 EST)
Email: lbingaman@rwater.com

REGIONAL WATER AUTHORITY
REVIEW OF FINANCIAL DATA
January 31, 2021 (FY 2021)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Operating Revenues

FY21 revenue for water, including wholesale and fire service, is over budget by \$3,885k (approx. 4.9%) primarily due to higher than anticipated consumption. Metered water revenue is over budget by \$3,890k (approx. 5.5%)

Total net other revenue is \$665k above budget primarily due higher other water revenues. Other proprietary revenues are also contributing to this variance.

Operating Expenses

Operating and Maintenance Expenses are currently under budget due to the following:

Payroll is under budget primarily due to head count under runs.	\$ (741,000)
Employee Benefits are under budget primarily due to lower medical and dental expense and payroll tax.	(442,000)
Administrative Building is over budget primarily due to custodial services and timing.	101,000
General & Admin is under budget primarily due to the timing of replacement computer purchases.	(73,000)
Transportation is over budget primarily due to timing.	50,000
Utilities & Fuel is over budget primarily due to electric service, sewer use fees, and timing.	119,000
Pump Power is under the budget primarily due to timing.	(79,000)
Road Repairs is under budget primarily due to timing	(50,000)
Business Improvement is under budget. However, this under run is largely offset in other proprietary expenses.	(72,000)
Public/Customer Information is under budget due to timing and lower than anticipated expenses.	(83,000)
Outside Services are under budget in multiple areas.	(332,000)
Insurance Premiums are under budget primarily due to timing.	(82,000)
Worker's Compensation, Pre-Captive is under budget due to a reimbursement and reserve requirements.	(73,000)
Training and continued education is under budget primarily due to tuition reimbursement.	(50,000)
Central Lab/Water Quality is under budget primarily due to timing.	(185,000)
Info. Technology Licensing & Maintenance Fees are under budget primarily due to timing and lower than anticipated costs.	(95,000)
Maintenance & Repairs are over budget due to tornado and COVID-19 expenditures and other higher than anticipated costs.	124,000
All Other	(147,000)
	\$ <u>(2,110,000)</u>

Interest Income

Interest Income is under budget primarily due to lower investment earnings.

PROJECTED MAINTENANCE TEST

The projected coverage is 1.14 without a shortfall. The budgeted shortfall is \$12.045 million.

**REGIONAL WATER AUTHORITY
OPERATING AND MAINTENANCE EXPENSE
JANUARY 31, 2021**

Pg 3

PERIOD ENDING JANUARY 31, 2021

	FY 2020	FY 2021	FY 2021	(Under)
	Actual	Budget	Actual	Over
1 Payroll	\$ 15,176	\$ 15,282	\$ 14,540	\$ (741)
2 Employee Benefits	5,113	5,453	5,012	(442)
Pension Contributions	2,621	1,774	1,774	0
3 Administrative Building	687	626	727	101
4 General & Administrative	886	882	810	(73)
5 Transportation	377	442	493	50
6 Tools & Stores	227	204	236	32
7 Utilities & Fuel	784	823	942	119
8 Material From Inventory	165	147	136	(11)
9 Pump Power Purchased	1,770	2,020	1,941	(79)
10 Chemicals	1,185	1,235	1,267	33
11 Road Repairs	171	133	84	(50)
14 Postage	178	192	152	(40)
15 Printing & Forms	62	65	45	(21)
17 Collection Expense	421	401	365	(35)
18 Business Improvement	212	220	148	(72)
19 Public/Customer Information	178	191	108	(83)
20 Outside Services	1,440	1,472	1,140	(332)
21 Insurance Premiums	789	1,021	939	(82)
22 Worker's Compensation, pre-Churchill	217	37	(36)	(73)
23 Damages	27	40	51	11
24 Training & Cont. Education	141	121	72	(50)
25 Authority Fees	88	104	88	(17)
26 Consumer Counsel	13	42	15	(27)
27 RPB Fees	54	113	66	(47)
28 Organizational Dues	133	83	59	(25)
29 Donations	19	13	9	(4)
34 Central Lab/Water Quality	295	318	133	(185)
40 Environmental Affairs	59	69	68	(1)
44 Info. Technology Licensing & Maintenance Fees	1,308	1,520	1,426	(95)
45 Maintenance and Repairs	1,825	1,769	1,893	124
46 Regulatory Asset Amortization	-	281	281	(0)
	<u>\$ 36,621</u>	<u>\$ 37,091</u>	<u>\$ 34,981</u>	<u>\$ (2,110)</u>

REGIONAL WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE MONTHS ENDING JANUARY 31, 2021

Page 2

	FY 2020 Actual	FY 2021 Budget	FY 2021 Actual	(Under)Over Budget
Operating revenues				
Metered water revenues	\$ 71,056	\$ 70,583	\$ 74,474	\$ 3,890
Fire service	8,035	8,049	8,090	41
Wholesale	608	573	527	(46)
Other revenue - water	2,249	1,756	2,296	540
Other revenue - proprietary	6,945	6,139	6,597	458
Total operating revenues	88,893	87,101	91,984	4,883
Operating expenses				
Operating and maintenance expense	36,621	37,091	34,981	(2,110)
Expense associated with other revenue - water	1,111	1,249	1,234	(15)
Expense associated with other revenue - proprietary	2,128	2,303	2,652	348
Provision for uncollectible accounts	861	669	567	(102)
Depreciation	16,800	16,800	16,800	-
Payment in lieu of taxes	5,645	5,841	5,752	(89)
Amortization Pension Outflows/Inflows	246	1,089	1,089	(0)
Amortization OPEB Outflows/Inflows	(241)	(364)	(364)	0
Total operating expenses	63,172	64,678	62,710	(1,968)
Operating income	25,722	22,423	29,274	6,852
Nonoperating income and (expense)				
Interest income	3,124	955	195	(759)
(Loss) Gain on disposal of assets	156		(229)	(229)
Realized and unrealized (losses) gains on investments	-		-	-
Interest expense	(16,525)	(14,954)	(14,859)	95
Amortization of bond discount, premium, issuance cost and deferred losses	2,410	1,829	1,816	(14)
Intergovernmental revenue	180		25	25
Total nonoperating income and (expense)	(10,656)	(12,170)	(13,052)	(882)
Income (expense) before contributions	15,066	\$ 10,253	16,222	\$ 5,970
Capital contributions	884		1,242	
Change in net assets	15,950		17,464	
Total net assets - beginning of fiscal year	188,331		211,589	
Total net assets - end of reporting month	\$ 204,280		\$ 229,054	

	Budget FY 2021 @114%	Projected FY 2021 @114%	(Under)Over FY 2021 @114%	(Under)Over FY 2021 Original Budget
FY 2021 MAINTENANCE TEST (Budget vs. Projected)				
Revenue Collected:				
Water sales	101,381	113,681	\$ 12,300	(3,521)
Interest Income	986	232	(754)	(1,091)
BABs Subsidy	656	656		
Other Net	6,302	6,802	500	(236)
Common Non-Core	(200)	(225)	(25)	
Total	109,124	121,146	12,021	(4,848)
Less:				
Operating and maintenance expenses	(56,200)	(56,200)	-	4,851
Common Non-Core	100		(100)	(100)
Depreciation	(6,500)	(6,500)	-	
PILOT (A)	(8,700)	(8,555)	145	145
Net Avail for Debt Service (B)	\$ 37,824	\$ 49,890	\$ 12,066	\$ 4,896
Debt Service Payments (C)	\$ 43,745	43,605	\$ (140)	\$ (163)
Debt Service @ 114% (D)	\$ 49,869	49,710	\$ (160)	\$ (186)
Difference (B-D)	\$ (12,045)	\$ 180		
RSF, Growth and/or General Fund (D)	12,045			
Coverage (A+D/C)	114%	114%		

South Central Regional Water Authority

Analysis of Accounts Receivable ("A/R")

(\$000 omitted)

Denotes City of New Haven Invoicing

Total Accounts Receivable Aging (in days)

	Jan	Dec	Nov	Oct	Sept	Aug	July	June	May	April	March	Feb	Jan
	2021	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Under 30	\$ 6,802	\$ 7,363	\$ 6,472	\$ 8,208	\$ 7,633	\$ 6,229	\$ 7,433	\$ 6,146	\$ 5,547	\$ 5,921	\$ 6,110	\$ 5,618	\$ 6,277
31-60	2,527	2,041	2,444	2,710	1,892	2,125	2,295	1,444	1,651	2,527	1,666	1,784	2,584
61-90	972	1,103	1,594	913	990	1,405	838	713	1,575	953	792	1,430	883
91-180	2,118	2,127	1,969	1,975	1,918	1,777	1,775	1,992	1,787	1,640	1,467	1,313	1,387
181-360	2,286	2,109	1,934	1,921	1,893	1,821	1,646	1,543	1,312	1,440	1,497	1,335	1,448
More than 1 year	4,621	4,576	4,408	4,388	4,449	4,207	4,266	4,331	4,207	4,333	4,243	4,092	4,174
Sub Total	19,326	19,319	18,821	20,115	18,775	17,564	18,253	16,169	16,079	16,814	15,775	15,572	16,753
Interest due	1,265	1,310	1,354	1,388	1,448	1,476	1,515	1,559	1,610	1,634	1,680	1,715	1,728
Total Gross A/R plus interest	\$ 20,591	\$ 20,629	\$ 20,175	\$ 21,503	\$ 20,223	\$ 19,040	\$ 19,768	\$ 17,728	\$ 17,689	\$ 18,448	\$ 17,455	\$ 17,287	\$ 18,481

Aged Accounts Receivable Focus of Collection Efforts

	Jan	Dec	Nov	Oct	Sept	Aug	July	June	May	April	March	Feb	Jan
	2021	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Greater than 60 days:													
A/R	\$ 11,242	\$ 11,208	\$ 11,235	\$ 10,585	\$ 10,677	\$ 10,659	\$ 10,011	\$ 10,114	\$ 10,470	\$ 9,930	\$ 9,248	\$ 9,487	\$ 9,124
Less: Multi-Tenants	(2,676)	(3,039)	(3,419)	(2,949)	(3,289)	(3,109)	(3,084)	(2,864)	(3,075)	(2,594)	(2,492)	(2,677)	(2,345)
Receiverships	(1,976)	(2,105)	(2,084)	(2,091)	(2,141)	(2,080)	(2,163)	(2,169)	(2,190)	(2,251)	(2,148)	(2,172)	(2,231)
Liens	(2,165)	(1,858)	(1,775)	(1,464)	(1,500)	(1,739)	(1,705)	(1,721)	(1,724)	(1,731)	(1,758)	(1,757)	(1,831)
Total	\$ 4,425	\$ 4,206	\$ 3,957	\$ 4,081	\$ 3,747	\$ 3,731	\$ 3,059	\$ 3,360	\$ 3,481	\$ 3,354	\$ 2,850	\$ 2,881	\$ 2,717
	39%	38%	35%	39%	35%	35%	31%	33%	33%	34%	31%	30%	30%

Collection Efforts

	Jan	Dec	Nov	Oct	Sept	Aug	July	June	May	April	March	Feb	Jan
	2021	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
Shuts *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 58	\$ 63
Red Tags **	-	-	-	-	-	-	-	-	-	-	7	15	22
Receivers	13	20	17	7	21	4	5	8	5	4	8	15	30
Top 100 Collection Calls	99	257	108	187									
Other ⁽¹⁾	1,425	1,290	1,163	1,319	1,544	1,192	1,338	1,282	1,159	989	1,409	1,671	1,647
Total	\$ 1,537	\$ 1,567	\$ 1,288	\$ 1,513	\$ 1,565	\$ 1,196	\$ 1,343	\$ 1,290	\$ 1,164	\$ 993	\$ 1,445	\$ 1,759	\$ 1,762
* Number of shuts	-	-	-	-	-	-	-	-	-	-	65	162	210
** Number of Red tags	-	-	-	-	-	-	-	-	-	-	32	83	80

South Central Connecticut Regional Water Authority

90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020

<http://www.rwater.com>

TO: Anthony DiSalvo, Chair
David J. Borowy
Joseph A. Cermola
Kevin J. Curseaden
Suzanne C. Sack

FROM: Ted Norris

DATE: February 12, 2021

SUBJECT: Derby Tank Update

This memo is written to provide the Authority with an update on the Derby Tank Project and the land purchases associated with it.

Property Acquisition:

No change to previous update: Second Amendments to the Purchase and Sale Agreements for the Saint Peter and Saint Paul Church (Chatfield Street) and Durante (Lombard Drive) properties were executed and extend the closing date until final decisions are made on the pending litigation, as provided for in the First Amendments.

Planning and Zoning Approval: No change to previous update

The Derby Planning and Zoning Commission unanimously approved our site plan application on June 18, 2019. After the approval, an appeal was filed with the Superior Court by Attorney Cava, representing two residents – Sharlene McEvoy and Dorothy Marinelli (the only residential neighbor near the tank site), against the City and RWA.

Oral arguments for the case were heard on September 22nd via Zoom. The main issues argued were related to RWA's standing to submit a site plan application to the Planning and Zoning Commission, the exemption issued by the City for the height of the tank, the environmental impact of tank site development, and the lighting of the cars in the parking lot into the Marinelli house.

Judge Berger presided over the hearing. The City of Derby's attorney Barbara Schellenberg and RWA's attorney's Kari Olson and Joe Szerejko represented the defendants. Attorney Greg Cava represented the plaintiffs. Rose Gavrilovic and Orville Kelly of RWA and Mayor Richard Dzieken attended on behalf of RWA and the City of Derby, respectively. There were no additional representatives on behalf of the plaintiffs. As relayed by our attorneys, Judge Berger appeared to be very familiar with land use issues. By law, the judge has 120 days to make his ruling, or until January 20, 2021.

February 12, 2021 Update: Judge Berger ruled on the appeal on January 19, 2021 in favor of the City of Derby. In his summation the Judge wrote "the plaintiffs have failed to sustain their burden to prove that the commission acted improperly in approving the RWA's site plan or that there would be an impairment or destruction of the public trust in the natural resources of the state". The plaintiffs are entitled to petition the court for permission to appeal to the appellate court but have not yet done so.

EON: lm

CC: Larry Bingaman
Beth Nesteriak
Orville Kelly

South Central Connecticut Regional Water Authority

90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020

<http://www.rwater.com>

TO: Anthony DiSalvo
David J. Borowy
Joseph A. Cermola
Kevin J. Curseaden
Suzanne C. Sack

FROM: Ted Norris

DATE: February 12, 2021

SUBJECT: North Cheshire Development Update

The following is an update to the Authority on the status of the discussions with the Developer, Town of Cheshire, and Town of Southington Water Department (SWD) regarding the Stone Bridge Crossing development at the northwest quadrant of the intersection of Routes 10 and I-691.

1. Developer, Paul Bowman and his partners:

No change to previous update: Mr. Bowman was informed that RWA has been working through the details of the MOUs with Cheshire and SWD staff, as well as their respective Town Council and Board, to come to agreements on the terms and conditions of the MOUs. Mr. Bowman took part in a meeting in early September between RWA and SWD to discuss the terms and conditions of the MOU as they relate to the development. Discussions with both parties continued and a draft MOU was developed by Murtha Cullina. It is currently under review by RWA staff.

2. Town of Cheshire:

No change to previous update: The Town of Cheshire Council proposed, and RWA agreed to the following terms related to the Town's financial support for the project.

- a. A five-year waiver, estimated at \$175,000, of the PILOT payments for the water mains within the development when and if RWA takes over these mains and;
- b. A 50% discount (reduction) for five years of the PILOT, estimated at \$215,000 (approximately \$108,000 discounted), for the water mains along Route 10 and on west side of the development connecting at Dickerman Road. This item would remain contingent upon the sale and/or redevelopment of the state-owned property.

No change to previous update: The MOU between RWA and the Town of Cheshire was approved by the Cheshire Town Council on December 8, 2020.

3. Southington Water Department:

No change to previous update: RWA has been in discussions with the SWD to discuss the terms and conditions that would allow Southington to initially own and operate the distribution system to the development, then transfer ownership to RWA. While not the entire cost of the mains, the SWD Board determined that RWA should make some payment to Southington when the transfer of ownership occurs. The Southington Board rejected our initial offer of \$150,000. Following multiple discussions, a one-time payment of \$200,000 was agreed to by both parties.

February 12, 2021 update: Work has continued on a draft MOU between the developer, the Town of Southington, and RWA, and a near final draft of the MOU is now under review. As previously noted, in January Southington advised that they would not guarantee max day supply to the development after a period of five years of supplying the development. For RWA this means we need to commit to providing water to the development within five years. Staff is reviewing and modeling alternative main extensions that would meet that need.

EON: lm

CC: Larry Bingaman
Beth Nesteriak
Hetal Shah

PROPOSED RESOLUTION

February 18, 2021

Resolved, that the Authority authorizes lowering the expected long-term investment rate of return assumption from 7.0% to 6.75% for the pension plans and the voluntary employees' beneficiary association (veba) plan. The 6.75% will be used for the January 1st 2021 valuation reports and, assuming no significant change in projected investment returns, will also be used for the May 31st 2021 fiscal year-end actuarial reports.

South Central Connecticut Regional Water Authority

90 Sargent Drive, New Haven, Connecticut 06511-5966 203-562-4020

<http://www.rwater.com>

DATE: February 9, 2021

TO: Larry L. Bingaman

FROM: Jeanine F. Reckdenwald

CC: David Borowy
Mario Ricozzi

SUBJECT: Code of Ethics Compliance

As required by the 2009 Regional Water Authority Code of Ethics (Code) and acting as the Ethics Official, I am providing this memorandum to certify that we did not receive any employee reports of a violation of the Code for the 12-month reporting period ending November 30, 2020, with no exceptions.

The documentation completed by board members and employees will be kept on file in the Office of the Authority at 90 Sargent Drive for a period of one year. If you have any questions, please let me know.

Risk, Resiliency & Redundancy

Part II



February 18, 2021
Larry Bingaman, CEO
Beth Nesteriak, COO
James Courchaine, VP of Operations & RWA Business Practices

Risk, Resiliency, & Redundancy Philosophy

- Verify operating status of critical infrastructure
- Develop plans to restore near-term functionality
- Focus on root cause analysis of system failures
- Identify areas where single points of failure & knowledge gaps exist (system & people)



Focus on Risk Reduction

- Over the past year, we have unexpected issues/failures of critical assets
 - Catastrophic failure of pump station
 - Electrical fires
 - Control valve performance issue
 - Discoloration events
- Stress test of the system – June 2020
- Root cause analysis of these events have identified opportunities for improvement

Initial Findings & Corrective Actions

- Deferred Maintenance
- Distribution System Documentation & Understanding
 - Good tribal knowledge
 - Basis of design confirmation needed through field verification
 - Understanding of interdependencies of distribution system assets to meet supply/demand
- Opportunity for Capital Improvement Plan Alignment & Strategy
 - Risk and consequences not balanced
- Undefined Work Processes and Lack of Data
 - Work management, asset registry, reactive vs. proactive



Correction Action Plan – Short Term

- High Level - Critical Asset & Work Management Assessment
 - GHD, Consulting Engineer
- Distribution System Understanding
 - Developing framework to document
 - Hydraulic model review and update
- Human Resources
 - Reviewing functional alignment
 - Evaluating skills, abilities, training opportunities
 - Use of external resources to fill gaps



Correction Action Plan (cont.)

- Engaged Jim Courchaine as Interim VP of Operations and RWA Business Practices
 - Work activities includes support to COO in overseeing Operation's Division Management, operations and maintenance.
 - Assessing the strengths and weaknesses within RWA
 - Organizational wide interviews, site and field visits, review of practices
 - Facilitating the team efforts for Effective Practice Guidelines (EPGs)
 - Conducting accountability workshops throughout the RWA



Correction Action Plan (cont.)

- Engaged Miles Moffat as Interim Head of Capital Planning & Delivery
 - Work activities include leading and organizing the repairs and replacement of equipment at Gaillard PS.
 - Bridging the communication gap and purposeful collaboration between CP&D and Operations
 - Providing technical support to engineers within CP&D on current on-going projects.
 - Assessing any needs within CP&D including the overall management of staff and projects, staffing, equipment and training.

Longer Term Areas of Focus

- Corrective Actions - Mid/Long Range Planning
 - Establish priorities from assessments currently underway
 - Develop framework and strategies to ensure consistency and follow through
 - Identify funding and resource needs (short & long term)
- Recruitment, retention, and succession in key areas
- Focus heavily on change management



RPB COMMITTEE MEETINGS

Month	Meeting	Will Attend
January 2021	<i>Finance Committee</i> Monday, Jan 11 at 5:00 p.m.	David
	<i>Land Use Committee</i> Wednesday, Jan 13 at 5:30 p.m.	Kevin
	<i>Consumer Affairs Committee</i> Monday, Jan 25 at 5:30 p.m.	Suzanne
February 2021	<i>Finance Committee</i> Monday, Feb 8 at 5:00 p.m.	Tony
	<i>Land Use Committee</i> Wednesday, Feb 10 at 5:30 p.m.	Suzanne
	<i>Consumer Affairs Committee</i> Monday, Feb 22 at 5:30 p.m.	Tony
March 2021	<i>Finance Committee</i> Monday, Mar 8 at 5:00 p.m.	Suzanne
	<i>Land Use Committee</i> Wednesday, Mar 10 at 5:30 p.m.	Tony
	<i>Consumer Affairs Committee</i> Monday, Mar 15 at 5:30 p.m.	Kevin

**South Central Connecticut Regional Water Authority
Strategic Planning Committee**

Minutes of the November 19, 2020 Meeting

The regular meeting of the Strategic Planning Committee of the South Central Connecticut Regional Water Authority took place on Thursday, November 19, 2020, via remote access. Chair DiSalvo presided.

Present: Committee Members Present– Messrs. DiSalvo, Borowy, Cermola, Curseaden and Ms. Sack
Management – Mss. Collins, Kowalski, Nesteriak, Reckdenwald and Messrs. Bingaman, Norris, and Singh
RPB – Mr. Oslander
Staff – Mrs. Slubowski

The Chair called the meeting to order at 1:21 p.m. On motion made by Mr. Cermola, seconded by Mr. Borowy, and unanimously carried, the Strategic Planning Committee voted to go into executive session to discuss strategy related to the Future of the RWA and the Chief Executive Officer Priorities Action Plan. Present in executive session were the Authority members, Mss. Collins, Kowalski, Nesteriak, Reckdenwald, Slubowski and Messrs. Bingaman, Norris and Singh.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

At 2:31 p.m., the committee came out of executive session and Mr. Oslander entered the meeting.

Mr. Singh, RWA’s Chief Information & Digital Officer and Vice President of Customer Service, provided a Strategic Plan Update, which included:

- 2020-2025 Strategic goals and targets
- Overview of FY 2021 targets and specific actions

On motion made by Mr. Cermola, and seconded by Mr. Curseaden, and unanimously carried, the committee approved the minutes of its August 20, 2020 meeting.

At 2:44 p.m., on motion made by Mr. Cermola, seconded by Mr. Curseaden, and unanimously carried, the committee meeting adjourned.

Borowy	Aye
Cermola	Aye
Curseaden	Aye
DiSalvo	Aye
Sack	Aye

Anthony DiSalvo, Chairman

Five-Year Strategic Plan Refresh

2020-2025

Course Evaluation and Correction
to Address Mega Trends

February 18, 2021

The Journey

- Megatrend Exercise
- 2025 Strategic Plan Refresh
 - Reviewed each goal
 - Objectives and Targets
 - Refined direction and focus

MEGA TRENDS

Rise of
Technology

Forced Agility

Telecommuting
as a Norm

Greater
Government
Involvement

Financial
Integrity
Threats

Generational
Changes for
Customers

Generational
Changes for
Employees

Greater Focus
on Clean, Safe
Water for All

New Areas of Opportunity and Risk

- Customers as activists for the environment and sustainability practices
- Diversity, Equity and Inclusion
- Employee engagement and alternative work arrangements
- Asset and work management: Risk, Resiliency and Redundancy
- Framework for assessing, refining and integrating process improvements
- Constituent communication and key partnerships
- Industry image and thought leadership
- Financial model enhancements and alternative funding sources

Refined Direction and Focus by Perspective

Put the Customer First

- Prioritize positive outcomes on the first contact
- Grow self-service via digital offerings
- Refocus on customer satisfaction with Great Blue surveys

Enable Our Workforce to Support a Strong Future

- Embed more diversity, equity and inclusion through policy and engagement
- Promote flexible work practices
- Enable critical knowledge transfer

Refined Direction and Focus by Perspective

Effectively Manage and Maintain Our Core Business

- Build and promote recreation and environmental services
- Establish Water Resources Management Group for long-range practices
- Strengthen asset management and preventive maintenance focus
- Reduce risk, improve resiliency and increase redundancy
- Drive efficiency and innovation with Centers of Excellence and industry thought leadership
- Increase constituent communication and key partnerships

Exercise Fiscal Accountability Throughout the RWA

- Maintain focus on non-core revenue growth and internal cost management
- Enhance financial model and introduce scenario planning tools
- Incorporate new grant funding into the Capital Program



- Review of all FY22-FY25 Action Plans
- Develop the FY2022 Operating Plan
 - Focused initiatives to drive the Action Plans
 - KPIs to monitor and track progress
 - Global Metrics aligned with outcomes

Appendix

Strategic Goal 1: Meet or exceed customers' expectations in all we do to provide access to clean safe water and pristine environments.

PUT THE CUSTOMER FIRST			
Strategic Goal 1: Meet or exceed customers' expectations in all we do to provide access to clean safe water and pristine environments.			
	Prioritize positive customer outcomes; ensure processes and decisions start and end with the customer in mind and are aligned with our higher purpose to make life better for people by delivering water for life.		<ul style="list-style-type: none"> Establish a First Contact Resolution metric and determine a baseline for this metric by 2022; drive a 15% improvement in that customer experience by 2025.
	Pursue new processes, technologies and solutions to improve how we operate and better serve our customers and community in today's digital age.		<ul style="list-style-type: none"> 40% of the customer base is using self-service options to meet their billing and water use needs by 2025.
	Bolster our customers' understanding and confidence in our high-quality product and services, stewardship of resources and overall brand image.		<ul style="list-style-type: none"> Maintain RWA best-in-class 91.8% Customer Satisfaction Index; introduce transaction surveys and establish a baseline for improvement by 2025.

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Changes for
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Generational
Changes for
Employees

Greater Focus
on Clean, Safe
Water for All

Strategic Goal 2: Attract, retain and develop high quality, engaged employees throughout the RWA family to better fulfill our purpose.

ENABLE OUR WORKFORCE TO SUPPORT A STRONG FUTURE

Strategic Goal 2: Attract, retain and develop high quality, engaged employees throughout the RWA family to better fulfill our purpose.

Instill a culture of safety in all RWA employees so they always put safety first.

- Proactively improve organizational safety to achieve our goal of zero preventable injuries and accidents by 2025.

Enhance Diversity, Equity and Inclusion (DE&I) to improve cultural competence

- Address and revise policies and practices that lack DE&I considerations, while achieving workforce diversity in all underrepresented job groups by 2025.

Improve company culture and increase employee engagement.

- Implement and support alternative work arrangements by 2025.
- Increase overall employee engagement by 30% by 2025 using an enterprise-wide employee engagement survey.

Facilitate the transfer of critical knowledge and skills.

- Identify critical knowledge and skills and create time bound development and succession plans to ensure the transfer of knowledge in the workplace by 2025.

Rise of Technology

Forced Agility

Telecommuting as a Norm

Greater Government Involvement

Financial Integrity Threats

Generational Changes for Customers

Generational Changes for Employees

Greater Focus on Clean, Safe Water for All

Strategic Goal 3: Enhance and expand recreational and environmental services to improve people's lives and better serve our stakeholders.

EFFECTIVELY MANAGE AND MAINTAIN OUR CORE BUSINESS

Strategic Goal 3: Enhance and expand recreational and environmental services to improve people's lives and better serve our

Enhance the quality of life in our communities by leading the development and implementation of innovative resource management tools that include sustainable water management solutions, land

- Add two new environmental services to our portfolio by 2025.

Bolster the Recreation Program by adding new activities and expanding permitted recreation areas, while managing costs and efficiencies.

- Reduce the Recreation Program's annual operating deficit by 30%, based on the FY21 P/L, by 2025.
- Add three new recreation programs to our portfolio by 2025, including evaluating the opening of a new multifunction recreation area by 2025.

Develop an integrated long-range approach to managing our reservoirs, watersheds and related resources in order to sustain raw water quality and quantity at the highest levels without compromising vital ecosystems.

- Establish a Water Resources Management Group for development and implementation of management policies and strategies by 2025.

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Involvement

Financial
Integrity
Threats

Generational
Changes for
Customers

Generational
Changes for
Employees

Greater Focus
on Clean, Safe
Water for All

Strategic Goal 4: Reliably deliver clean, safe water on demand in an efficient manner.

EFFECTIVELY MANAGE AND MAINTAIN OUR CORE BUSINESS			
Strategic Goal 4: Reliably deliver clean, safe water on demand in an efficient manner.			
	Ensure continued delivery of high-quality water by executing against a strong asset management focusing on the appropriate preventive maintenance and asset renewal and replacement.	• Perform a condition assessment of 100% of our assets and link to an Enterprise Asset Management System by 2025.	
	Decision making will be focused on mitigating risk, improving redundancy and ensuring the organization's resiliency for the future.	• Develop control strategies that minimize the formation of regulated disinfection by-products to ensure levels are at least 10% below the regulated limits by 2025.	
	Ensure our distribution system is operating and delivering water efficiently.	• Unaccounted-for water will be less than 10% by 2025.	
	Lead in innovative water management and quality solutions.	• Research and evaluate at least 4 emerging technologies by 2025 for applicability and potential implementation at RWA.	

Rise of
Technology

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Greater
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Involvement

Financial
Integrity
Threats

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Changes for
Customers

Generational
Changes for
Employees

Greater Focus
on Clean, Safe
Water for All

Strategic Goal 5: Increase constituent support of the RWA by enhancing and expanding communications and relationships with key alliances.

EFFECTIVELY MANAGE AND MAINTAIN OUR CORE BUSINESS			
Strategic Goal 5: Increase constituent support of the RWA by enhancing and expanding			
	Improve public and constituent awareness of RWA programs and share goals as a non-profit environmental services company.	• Achieve and maintain a 5% increase by 2025 in brand image and reputation using baseline results from a triannual customer survey.	
	Collaborate and form strategic alliances with service area municipalities and key governmental, non-governmental and industry stakeholders.	• Increase overall support of RWA with key stakeholders by introducing three new, targeted outreach initiatives by 2025.	
	Address strategic industry challenges and issue facing the RWA to seize opportunities and intervene, as appropriate, to shape future regulation and legislation.	• Position the RWA as an industry thought leader by presenting at three business or trade conferences by 2025.	

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Strategic Goal 6: Embrace innovation and adopt state of the art technology to ensure excellence to support our purpose.

EFFECTIVELY MANAGE AND MAINTAIN OUR CORE BUSINESS			
Strategic Goal 6: Embrace innovation and adopt state of the art technology to ensure excellence to			
	Establish Innovation Hub / Center of Excellence for all process areas to track efficiencies and business process improvements across RWA.	• Utilize the COE's / Innovation Hub and other work groups to facilitate 16 process improvements and innovations by 2025.	
	Adopt Cloud first strategy and digitalization to expand use of digital transaction(s) / computing on cloud and increased access to information.	• Link 100% of the technology roadmap to Capital & Operating budgets, while increasing capital efficiency by 2025.	
	Implement cybersecurity protocols including adopting best practices framework recommended by DHS/EPA across RWA.	• Complete cyber security assessment of IT/OT and implement key recommendations by 2025.	

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Strategic Goal 7: Continually strengthen our financial health to ensure RWA's long term sustainability.

EXERCISE FISCAL ACCOUNTABILITY THROUGHOUT THE RWA			
Strategic Goal 7: Continually strengthen our financial health to ensure RWA's long term sustainability.		Increase non-core revenue sources by acquisitions, innovations, organic growth and investments to help mitigate future rate increases for our customers.	<ul style="list-style-type: none"> • Increase other net revenue by \$3 million from \$6.2 million to \$9.2 million by 2025.
		Reduce costs and continue to strengthen the organization's financial health to ensure adequate reserves and debt service coverage.	<ul style="list-style-type: none"> • Achieve 100% funding of pension obligation by the end of Fiscal Year 2025. • Increase funding status of Other Post Retirement Employee Benefits (OPEB)/Voluntary Employees' Beneficiary Association (VEBA) plan to 35% by the end of 2025. • Reduce RWA debt to capital plant ratio to 80% by 2025.
		Enhance existing ten-year financial model and develop process for scenario planning	<ul style="list-style-type: none"> • Add at least one enhancement to existing financial model and by 2025 have a proposed process and tool(s) for periodic scenario planning.
		Investigate and obtain additional grant funding sources for our Capital Improvement Program.	<ul style="list-style-type: none"> • Identify at least one additional grant funding source during Fiscal Year 2021 for implementation in Fiscal Year 2022
		Drive shared ownership of financial outcomes.	<ul style="list-style-type: none"> • Increase employee (particularly budget and capital project managers) understanding of the business model and their role in financial outcomes and audits, as evidenced through before/after survey(s) and increased adherence/engagement to budgeting and monthly/year-end protocols, including 100% of budget and project managers following year-end protocols.

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