

South Central Connecticut Regional Water Authority
February 18, 2021
Meeting Transcription

David:

Well, we're all here and it just hit 12:30. I will call the authority meeting for the month of February to order at 12:30, and we will start with a safety moment from the very first[inaudible 00:01:18]

Jeanine:

Good afternoon everyone, hope everyone's doing well. The safety moment for February is Radon Action. Many of you probably don't know that radon is the second leading cause of lung cancer in the United States. I wasn't aware of that, until I read this. It is a radioactive gas that comes from the natural decay of uranium, found in most soils. High radon levels have been found in almost every State. You can take precautions by stopping smoking, increase air in your house by opening windows and using fans to circulate the air, seal cracks in the floors and the walls and, hire a company to test your home for radon.

David:

Thank you, not to prolong it, but I will tell you that radon is a plume in the ground that moves. If you don't have it now, you could have it 10 years from now in your house. It's something that you periodically do want to check because...

Jeanine:

I didn't realize that either.

David:

Yeah, so it's something that can be dangerous. All right, thank you. So now we go to recess as the authority, and meet as the audit risk committee, who would like to make that motion?

Suzanne:

I'll make that motion, David.

David:

All right, Suzanne moved and Kevin seconded. All those in favor, say "I".

[AUDIT-RISK COMMITTEE MEETS FROM 12:32 P.M. TO 1:01 P.M.]

David:

All right, thank you folks. Thank you, Tony. We are on to the consent calendar. I was given a heads up on one item that we need a little more expense on. So if we could pull off item seven, and if we could have a vote to accept item one-six, and I think Ted is ready to give us a little more expanded report on item seven. Is that correct? Larry and Ted?

Larry:

That's correct. Ted is going to give you an update on where we are with the North Chester situation.

David:

Moved and seconded for items one-six. Are there any points of clarification. Seeing none, all those in favor signify by saying I. The items one-six are approved unanimously and we are now on an explanation of item seven.

Suzanne:

David, if I can just interrupt. I just want to make sure let the public member back into the meeting.

Jennifer:

I went to check and I don't see him there. I don't know if he hung up, I do not see him.

Suzanne:

Okay, very good.

Suzanne:

Thank you for trying, that's great.

Tony:

I have a paranoid view of all of that. It was testing your security, in the side of security point of the meeting.

David:

Ted, please.

Larry:

So if it can be an executive session and I'll put that in air quotes, but what I took away from this is is that-

David:

Well, Larry, just one second. I'd like to go into executive session to discuss negotiations.

[EXECUTIVE SESSION FROM 1:03 P.M. TO 1:32 P.M. TO DISCUSS NEGOTIATIONS]

David:

We don't vote in, right. Finance, we have a resolution that we were asked to give our thoughts on over the last month. And it is before us now for a decision and a vote regarding our long-term investment return assumption, a rate of return assumption where we had a recommendation from management to go from 7 to 6.75 that coupled with our investment advisors letting us know that they expect our rate of return at their projections to be in the low or so 6%. So this is to ratify what management would like to do. What are your thoughts?

Joe:

It's all moved.

David:

There's a motion, is there a second.

Larry:

Second.

David:

And second, is there discussion?

Suzanne:

Yeah. I just want to add a couple of things. So we had an off a meeting separate from this just with the investment advisor related to the basis for doing this. And one of the things that we talked about, a couple things we talked about, I want the whole RWA to have the benefit of knowing one is that we're doing this I think mostly because Morgan Stanley's position is in its projection of future returns is less than the 7%.

Suzanne:

I just want everybody to really understand, and self-admitted by our own Morgan Stanley investment advisor, that future returns are notoriously erroneous. And if you have a crystal ball, do I have a crystal ball, etc.? Having said that, it's what we have and it's what our investment advisor recommends. And so he's made that recommendation along with Rochelle's work with our actuary and with our auditor in terms of wanting to have the best rate of return representative for the pensions so that creditors and others have confidence in our ability to deliver. And it increases our liability by about a quarter of a million dollars on an annual basis right now.

Suzanne:

So having said that I satisfied myself that they've thought this through. I'm still going to abstain as we go forward, and I want to explain my vote, and that is that it's not that I'm not supportive of it. It's not that I don't understand that it's prudent, I just feel like it's over cautionary at this stage of the game. And so I'll just take my vote out of the picture. The second thing that we did talk about, which I think is exceedingly important is as we manage the portfolio it's not where we got that we have to manage it to 6.75%, we can manage the portfolio and choose to take on more risk if we would like to.

Suzanne:

It's just that the burden will be on us to make additional contributions if for any reason taking on that additional risk puts at risk the ability to pay our liabilities and or to make the investment returns that we need to. So we can continue to have them target seven, target more take advantage of what we need to do, adjust our allocation in our portfolio along the way. And I would welcome Rochelle or Larry to add anything that they don't feel like I've shared either fairly and or accurately in this conversation. So I'm ready for the group to take a vote though.

Larry:

Just one point to granted the investment advisor we'll try and manage the portfolio to the best of their ability, just because we're reducing this to 6.75 does not mean that they'll try and manage the portfolio to achieve just 6.75. We can get a better return to the extent that we contribute more than the arc. We can put that money into equities, which will help boost the return of the portfolio, and quite frankly, reduce the risk of being able to meet our financial obligations in terms of paying out benefits to employees. So that's a way I think it mitigate that a little bit,

Rochelle:

We were thinking, Suzanne, that if the April meeting we'll be making our recommendation regarding the pension contribution, so to the extent that unlike fiscal 21 where are currently just contributing the arc. If we do contribute more than the arc, those monies can be put into equities without increasing the overall risk because the projection of Morgan Stanley is based on the current asset allocation and the associated risks.

Suzanne:

Right. The thing that I was concerned about was that if we do bring it down, they would then readjust our allocation to add more fixed income to reduce the risk, but he's not going to do that. So that was a big item for me because all we will be doing probably is end up getting a lower rate of return and we just kind of keep managing our way down. So anyway.

David:

So I think the extra contribution into equity doesn't that eventually changed the mix then?

Rochelle:

It will change the overall allocation, but it doesn't change the risk profile because where our projections are based on contributing the arc.

David:

Okay.

Suzanne:

That's why there are a lot of reasons why the forward looking projections, they're all on all sorts of assumptions and stuff, so it's got limitations, right? But that's what it is. So anyway.

David:

All right. Any other comment on the motion? Sensing you're ready to vote all those in favor signify by saying, aye.

Council Members:

Aye.

David:

Those opposed? Those abstaining?

Suzanne:

I abstained. Thanks, David. Passes 4-0-1, thank you. Thank you all. And, Suzanne, thank you for the-

Rochelle:

Thanks everyone for working with us.

David:

All right. We are ready to accept the report of the ethics compliance, which Jeanine has been working with. So we have that in our packet as well, and it was nice to see 100% compliance and basically that's just informational, right? Nothing to expand on that.

Jeanine:

There is nothing to expand.

David:

All right. Very good. Thank you. Any questions regarding that? No, board member satisfied, very good. Can't get better than full compliance. All right. We're ready for updates. Larry, where are we with some updates here? COVID?

Larry:

Well, as we normally do, Beth and Rochelle will add an update with the on COVID situation and RWA and then after that, I'll make some comments.

Beth:

Sure. So thanks, Larry. Good afternoon, everyone. Just a status update on our employee health metrics as it relates to COVID-19 as of February 11th. We've had a total of 26 confirmed cases of our employees having COVID, that is an increase of five since our last report since January. Again, we've been lucky enough that there has been no internal transmission and that these cases seem to emanate from outside of RWA, so good news there. In terms of the return to work committee, our incident command team meets monthly with a return to work committee meeting twice per month. We are still actively tracking the status of our workers in terms of vaccination priority.

Beth:

Yesterday there was an article that Governor Lamont announced he would follow CDC recommendations and have front line essential workers be part 1B we would still technically be 1C as we are essential, but not frontline essential. So continuing to monitor that, and I know our government relations people are also monitoring it from a legislative and governor perspective. So no new news on that, but we are something we are watching closely. In terms of remote work, we had originally extended our kind of rollback approach through Martin Luther King Day, which was in mid January that had been extended through President's Day, and given the current situation we have again extended

that till April 5th. So we have most of our back office functions reporting from home, which seems to be working well.

Beth:

And obviously operations continues from our customer service agents being able to work remotely, that's going well. And all of our other outside contract work we're continuing with our employees. So no real news, other than we're anxiously waiting our turn at vaccines. And we have been in our last newsletter, employee newsletter been promoting those folks that do qualify for the current 65 and older to get their vaccines and have offered some assistance to those that need it in finding how they can do that. So no real news, but I'll turn it over to Rochelle to talk about the financial status from a COVID perspective.

Rochelle:

Thank you. So as we've previously reported to date the impacts on our cash receipts have not been as severe as we had anticipated. I do want to however know that there have been impacts, so they have been much more moderate, but we are seeing some level of impact including increasing and also some level of reduction in the cash receipts that we are actually receiving. And I also want to mention again that there is still considerable uncertainty regarding the financial impacts of the pandemic. And we had a resurgent, we have what's happening currently with the vaccine distribution and what the economic impacts are going to be going forward.

Rochelle:

You might recall that our revised budget assumed a full back to normal in January, and that has really not happened. We are continuing to watch cash very closely, we're still monitoring cash on a weekly basis. At this point, we're making our best estimate of what we think the rest of the fiscal year will be. I also just want to mention that our projection for the end of the year does assume increase above our revised budget as far as cash receipts. We have been able to gradually increase that, however, our assumption and projection relative to our coverage is still based on that lower revised O&M expenditure level, so that's an important item to know. Do you have any questions?

David:

Seeing no questions, so move on.

David:

Seeing no questions. So move on. It's.

Larry:

Okay. Thank you. Good afternoon, everyone. I'd like to take a few minutes to highlight some of the key points from this month's board report letter. The first item that I've reported on in the letter is references updates to the sections of the 2020-2025 strategic plan. You'll recall that we reviewed our 2050 Blue Sky roadmap and trends at the November 20 board meeting and explained how they provided a basis for re-evaluating our five-year strategic plan. Beth and I will review the refined direction and focus as part of today's strategic planning committee agenda, that to recall that at the November, 2020 board meeting, I also outlined my personal strategic priorities for fiscal years, 2021 and 2022. And

since then I made timing changes to two of those priorities as a result of the current workplace climate. I'll review the reasoning behind those in today's strategic planning committee update. I also added a new priority based on the recent refocus on our core business, which Beth and I will discuss with you coming up shortly.

Larry:

Subsequently I reported that we presented a letter of intent, including a deal structure to the owner of a water testing lab that we are pursuing for acquisition. And since my board letter, Dennis Rochelle and I have been working on and presented a letter of intent to the owner of a plumbing business. Dennis and I will provide you a further update during today's executive session. Next, I'm very excited to report that we have officially launched our diversity equity and inclusion initiative. And Janine sent a note out across the RWA, asking employees to consider volunteering, to form a new working group called Cultural Advisory Council, which will help shape the culture of the RWA and be a self-governing team. We will have really a unique opportunity to collaborate directly with DEAI consultant practice called Leading Culture and Solutions. It's great to know that we received replies from 23 employees about potentially joining that advisory committee.

Larry:

Finally, I informed you about a really cool partnership between the RWA and Connecticut Water Company to provide Madison schools and the community with touch-free water filling stations. And by way of background Lawrence Ford, who's a Madison residents, he's an acquaintance of mine and an entrepreneur, approached me at the end of last year about changing out a traditional drinking water fountain at his daughter's middle school with a touchless water bottle fill station amid the pandemic. Well, since Madison is a land town for the RWA, but its drinking water is delivered by the Connecticut Water Company, I reached out to the president and CEO of Connecticut Water to discuss a potential partnership.

Larry:

The Connecticut Water Company recently implemented a grant program for local organizations within its service territory, which provides schools with water bottle filling stations. So as a result, Connecticut Water CEO and I met virtually with members of Lawrence's team, Madison's first selectman and other town officials to discuss the grant program and encourage Madison administrators to submit applications for water bottling filling locations. That's currently CWC awarded \$1,500 grants to two public schools in Madison for a water bottle filling stations and the RWA matched those grants by providing two additional water filling stations to a town school and community gym. We thought this was a great example of two water utilities partnering to help students and the environment. So those are the highlights to my board letter for this month, and be glad to take any questions you might have.

David:

Anyone have any questions? Jennifer, can we see the group again? There we go. All right. I don't see anyone. All right, great. Then we will move on. Thank you, Larry. We'll move on to a board resolution.

Larry:

Yes. So now I'd like to just say before we get into that, as some of you may know, Ted Norris will retire at the end of February, after some 30 years of service. Ted's been with the organization a long time and has had many accomplishments. David, I think you wanted to offer a resolution for the authority members to consider.

David:

I do 30 members had it in their packet, but they're the only ones. So board resolution of Ted Norris, in recognition and profound appreciation of distinguished service by the regional water authority board. Whereas Ted Norris with leadership integrity and great distinction served as an officer of the South Central Connecticut Regional Water Authority since January, 2008, and whereas Ted brought uncommon insight, intellect and professionalism to that role, and whereas Ted always demonstrated his deep commitment to the RWA's higher purpose, mission, vision, and stars values. And whereas Ted always had the best interest of the RWA's employees, consumers and communities at heart. And whereas Ted led extraordinary achievements to the RWA from engineering to environmental stewardship, the landmark construction of the Lake Whitney water treatment plant and the pioneering restoration of the great tunnel and pipeline.

David:

Whereas Ted supported the authorities, environmental health and safety committee and the RPPs land use committee and other committees as needed. And whereas Ted generously contributed this time, energy and resources to a number of industry organizations, including AWWWS, TWWA and the Water Research Foundation, as well as community organizations, including the Greater New Haven Chambers, Economic Development Council, Connecticut Economic Resource Center and of course the United Way of Greater New Haven. Now therefore be resolved that the authority board formally recognizes, acknowledges and extends its profound appreciation to Ted for his 30 years of dedicated service to the RWA and wishes him the very best in the future. Will someone like to move that?

Suzanne:

I'd like to move that resolution.

David:

All right. There's been a mover. Suzanne, I usually [inaudible 01:13:09], but I heard Tony first and Suzanne in the matter be a second, if that's all right.

Suzanne:

Thank you.

David:

Co-second. That's great. Further discussion on the motion.

Suzanne:

Yeah. And whereas he's an all around good guy also.

Ted:

And whereas I'm going put money in for that.

Suzanne:

Yeah.

David:

Alright. Well said. Sounds you're ready to vote on this. All those in favor signify by saying, I. [crosstalk 01:13:36].

Suzanne:

I.

David:

Ted that's the least we can do on behalf of the whole authority is a motion and give you our heartfelt thanks and best of luck to you in retirement. We hope to see you around maybe with special projects, some things, but wish you and your family the best. Thank you.

Ted:

Thank you so very much. It's been a wonderful place to work the entire time. Although there's been ups and downs, things get hard sometimes, but what a great family really, even the boards, the employees, everybody, I couldn't have wished for anything more in terms of a career. I really couldn't have working with folks. So thank you very much. And David, you will be seeing maybe a little bit more around. I'm coming back as a consultant with my own LLC for a little while, until some of the transitions are made. So I'll be around for a little while. But thank you all very much.

Suzanne:

Thank you, Ted.

Kevin:

Thank you Ted.

Tony:

[inaudible 01:14:36] at the RWA [inaudible 01:14:35].

David:

Yeah, we're very lucky. Thank you. With that I'd like to take a 10 minute health break if we could, before we get into the deep dive on a distribution center overview, if we could. So we'll stand in recess until three minutes after 2:00, if that's okay. Thank you.

David:

To the usual system overview. Larry, I guess we'll start with you.

Larry:

Alrighty. Thank you. Well, before I dive into the presentation, I'd like to introduce Jim Courchaine, who is a vice president with Tata & Howard, who is working with us. And I'll explain a little bit more about his role with the organization in a few minutes. But I did want to acknowledge Jim. Jim, thanks for being here.

Jim Courchaine:

You're welcome.

Larry:

By way of introduction... Well, let me start over. This presentation on risk resiliency & redundancy, we're calling it part two because you'll recall that in July of 2020, Lisa and Beth presented an overview of our risk, resilience & redundancy philosophy. This presentation is going to really be a lot more than that. So if you'll flip to page two, by way of background and as a reminder, when Beth and Lisa presented the 3R philosophy last year, they noted that their focus at the time was to verify the status of critical infrastructure to make sure that it was operating correctly. And quite frankly was online if it needed to be. Also, to develop plans, to restore the near-term functionality of critical infrastructure and making sure that it was properly set in terms of metrics.

Larry:

Also to focus on the root because of system failures, rather than just using perhaps folklore or urban myth on why something might've happened. And to identify parts of the organization where it could be considered a single point of failure because of either the equipment if it failed, we wouldn't have backup, or there was knowledge gaps in the people that were operating part of the system. So it was both a single points of failure from both the system and people standpoint. Well, over the past year since this presentation, we have experienced a number of operational issues or failures of key assets. I'd asked Beth to take a deep dive and identify the underlying reasons and issues that were causing this critical failures and the operating issues that had been experienced.

Larry:

She investigated and did that deep dive and developed a plan both short term, medium term, as well as long term. I also brought in some extra resources, some additional resources to help execute the plan of which I'll talk about a little bit later. But Jim Courchaine is one of those individuals that is here to help us with his operational review. Beth will then take it from here and she'll discuss some of her initial findings and the plans to address some of the issues that she discovered in her investigation. So Beth, I'll let you take it from here.

Beth:

Sure. So Jennifer, if you want to go to the next slide. As Larry mentioned, the last year has been challenging for a number of different reasons. We've dealt with a pandemic, but here at the water company, we've also had some unexpected issues and failures of some very critical assets. It kind of spans a wide breadth in terms of back in May 1st, we had a catastrophic failure of a pump station that was in insomnia. We've had electrical fires and failures of electrical drives over the past year, in various parts of our system. We've also found that we've had control valve performance issues, so where if you

remember from our July presentation, we talked a lot about the geographical differences in our service area, which requires us to pump, store, reduce pressures, increase pressures, all those control valves help with that. And we had found over the last year that settings, operational status of those things were needed to be reviewed.

Beth:

We've also had some large discoloration events. As you all are well aware in June we had several of those long duration event with customers in our West Haven and our Milford area experienced discoloration. Part of this is, why now? There are some things that we need to consider in terms of, just as every year we get older, our infrastructure gets older. There's things like institutional knowledge, and knowledge transfer. We've had some turnover in the operational area over the past years, I won't call it over the past year. But for us this summer, what I like to call it, it was really a stress test on our system. If you remember, in June, we saw a large spike in demand across our service area. On June 23rd, we actually hit 70 million gallons a day.

Beth:

We hadn't seen that high of consumption in, gosh, Ted, probably 10 years. What that did was I think it really highlighted some of these components and some of these issues that we've had, because it was a true stress test of the system. We've spent a lot of time looking at root cause and as Larry mentioned, we've tried to capture that in some recommendations, from a short, mid and long range plan. I will say that the findings and corrective actions in this plan is very much a living document. It's quite extensive, so we are working hard at prioritizing what we do first, second, and third, and being agile with it as we learn more or make other changes. So Jennifer, if you want to go to the next slide.

Beth:

I'll just quickly highlight some of these initial findings. We have found that we are experience some issues due to deferred maintenance. Now, what does that mean? Our crews in our field operations group do great PM work, but it tends to be, as we joke here, carrying your service A on your car, your oil change or your tire rotation. What we've been lacking on is those service B items, things like major overhauls of our pumps and motors, things like replacing these control valve, I mentioned. We are seeing that with those failures, they can lead to other issues in terms of pressure spikes, transient pressures in our systems. And really monitoring performance of those things has identified some of these deferred maintenance items.

Beth:

Secondly, as Larry mentioned, distribution system documentation and understanding. We have good tribal knowledge, but as Larry joked, some of it's folklore. We have understood that there have been things that are passed down through that system knowledge, some of it very accurate, and some of it needs confirmation. As we talked about in July, we are trying to promote a culture of root cause and eliminate some of our confirmation bias around why things happen. So we have, instead of, you can't close the valve because Tony said never to close it, we want to be able to back that up with basis of design confirmation, what the original intent of the infrastructure was and then through field verification commit to a system of record of operations. The other thing we've noticed through these times is that, having that understanding of the interdependencies of the system, we move water as we've talked about in July all the way from North Branford to Milford.

Beth:

Understanding that treatment to tap is very important when you look at supply and demand in our service areas. Where we're having perhaps pump stations turn on, you need to understand that you have the supply in order to accommodate those changes and pressures and flows. That's really been an area of opportunity for us in terms of corrective action. I think we've also identified that there is an opportunity for capital improvement plan alignment and strategy. We also talked a little bit of this when we went through the 10 year model and looked at these larger projects. Tonight we'll have a public hearing on one of those with our [inaudible 01:25:53] river treatment plan improvements, but really looking at, now we have a good understanding of some of those most critical assets we have and ensuring that the risks and consequences are balanced as we review the capital budget.

Beth:

We have a very strong matrix in terms of ranking our capital priorities, but I think between distribution system understanding and documentation, and really adding that level of risk and consequence, when we talk about some of this key work that needs to be done. For example, we have a pump station in West Haven that I think caught a lot of people's eyes on our last presentation, that there is really no redundancy for it. So how has that prioritized on the capital budget? It's a very difficult project, it's not going to be a large project. But ensuring that when we develop our capital budgets, we're understanding what the risk and consequences of where things stand in the priority list. To some extent, we've started to do that with the FY22 project list and really ensuring our frontline managers and supervisors have valid input into that and help with creating more of a balanced capital improvement plan.

Beth:

Our other finding was, there is a lack of data as well as documented work processes. When I talked about deferred maintenance and those systems and processes we use, that all needs some improvement. We have infor EAM is what we call it, it's our computerized maintenance management system. It was implemented quite some time ago, but we have a lot of opportunity in terms of documenting our asset registry within that system, as well as building our maintenance plans and our schedules, and really having a systematic approach to maintenance moving forward, and a system of record for all of the improvements we do make to our assets.

Beth:

That's our initial finding and corrective actions. If Jennifer, you want to switch to the next slide. As Linda used to say, this is bigger than a breadbox. So we've really tried to identify some short-term priorities, medium and long-term corrective actions. First was we engaged with GHD who is our consulting engineer, to do a high level critical asset and work management assessment. They had come in at the beginning of February to review two of our probably more critical assets, our Lake Gaillard Pump Station, as well as our late Gaillard Raw Water Station, both of which have had critical component failures over the last year. They've come in, kicked the tires on those, helped us identify some priorities in terms of restoring those to full operational status as well as they looked into our work management system.

Beth:

They ditched in not only other consulting engineer, but had assisted us a few years back with development of enterprise asset management plan. So they are familiar with that plan and we'll make

some recommendations on how to expand the use of that work management system as well as to help drive asset management within the organization. I talked a lot about distribution understanding, short term we need to write things down. And that's a balance taking into account what we know from our tribal knowledge, what we know from some historical design documents and what we know from our data that we have coming at us from our SCADA system. So we're working on developing a framework and a team. It's important to me to make sure that we're consistent as how we approach that and that it's objective, and it can be a document that's really useful for us in the future.

Beth:

The other activity that we're doing in that area is we do have a hydraulic model. It had not been updated in quite some time, so our engineering team is actively working on getting map updated, and refined, and tested against our system performance. That'll be another tool as we look to future investments in the distribution system, or respond to emergencies using that as a backup to help make decisions. Human resources is another area where we're spending a lot of time, reviewing functional alignment. We have to ensure that these challenges that we're seeing in terms of the weaknesses and opportunities that we have, are truly aligned in the right order from an organizational structure, specifically distribution understanding and maintenance, being two of those areas. We also need to look at evaluating our skills, abilities, and training opportunities.

Beth:

We have, even if you just take distribution system understanding as a training opportunity, the more people we can have, have a better understanding of how things work end to end, the better we'll be able to respond to emergencies and respond to just regular customer inquiries, and truly just run the system. So we've also done a lot of work in human resources in terms of career paths with our treatment operators, as well as our field operations. We both have entry level positions now in this new contract we have with them. So really developing that and using that as an opportunity to ensure some good opportunity there as well. And then use of external resources to fill gaps. Larry mentioned Jim Courchaine is here with us, and I'm going to turn it over to him to talk about those a little bit. So, Larry.

Larry:

Thank you. If Jennifer, you turn the next slide please. Part of the action plan that we put together, and I brought in extra resources, one of those was Jim Courchaine. We've engaged Jim as the interim VP of operations and RWA business practices. Jim has been with us. Before, he worked with us and developed some maintenance plans four or five years ago, and did some extensive workshops on that, working with the management at the time of the operation's area and with the field crews. Jim is a known entity here, people trust him and are pretty open with him. Jim, in his capacity as the interim VP of operations and business practices, he'll review work activities that we have, he'll support Beth in overseeing the division management operations and maintenance. He'll be assessing the strengths and weaknesses within the RWA through organizational wide conversations with individuals to get their perspective on what they see as areas that are opportunities for improvement.

Larry:

He'll do that both within the office here at 90 Sergeant, but more importantly through site and field visits, both the operating crews out in the field, as well as at the treatment plants. As part of that discussion, there'll be a review of the practices that we're using for operations and maintenance. He'll

also in that regard facilitate the efforts to develop Effective Practice Guidelines, which previously had been known as a Standard Operating Procedures, but Effective Practice Guidelines is really a more accurate description, what it is we want to be doing and has a more or less industry best practices encompassed within them. He's already conducted one accountability workshop in the treatment section. He'll continue to do those within the RWA.

Larry:

But it's getting people to understand the importance of making commitments and living up to them, because sometimes just things will fall through the slats and critical activity may not be taken care of as it should. So Jim is conducting accountability workshops throughout the RWA to instill that skillset among our people. Jim, welcome to have him on board. He's a great resource, lots of years of industry experience. He's operated several water and wastewater systems over his career, and is now a vice-president with the engineering firm of Tata & Howard, where he goes around the country and meeting with water and wastewater utilities to help them improve their operations through developing Effective Practice Guidelines and other metrics to run the business efficiently. So welcome Jim, great to have you onboard.

Jim Courchaine:

Thank you Larry.

Larry:

Jennifer you step to the next slide. It's taken us quite a bit longer for us to recruit a head of capital planning and delivery, or some people call that the engineering department. The supply of high quality engineers is very tight, people are not willing to make a change necessarily. And we've really had to examine our pay practices as part of that human resource's activity and Jeanine Reckdenwald have been very active in that area. Since we have not been able to hire a head of capital planning and delivery in the face of Ted's retirement, we engage the services of Miles Moffatt, who is vice-president with the engineering firm of Tighe & Bond.

Larry:

We have worked with Tighe & Bond a number of years to do project management and to help us with engineering work like updating our hydraulic model, for instance from time to time and as well as project management. You'll recall that last year I had mentioned to you that we had entered into a unique arrangement with Tighe & Bond in which we would have troches of engineering activity that we would receive a discount on based on the level of work performed. We've got a nice partnership with them for many years. Miles is here acting as the interim head of the engineering department. His activities will be acting as that department head, leading and organizing the workflow, which includes repairs and replacement of equipment at the Gaillard Pump Station, a critical project that we have to get online by the beginning of summer, so we can meet the high flows that we anticipate.

Larry:

He's been working on collaborating more closely with operations, so that capital planning and delivery and operations are on the same page. So he's helped bridge the communication gap, and have purposeful collaboration between the two departments to gain greater efficiencies in terms of capital

planning and delivery. He's also providing the engineers in the department, technical support on their current ongoing projects, and providing his perspective since he has many years of engineering experience in the water and wastewater business. We've asked him to really take a look at the engineering department and assess any needs that might be needed in terms of process and procedures, the overall management of staff, and projects' equipment and training.

Larry:

So he's here three days a week, Monday, Wednesday, and Friday. I meet with him periodically to see how he is doing. He's been with us now just a couple of weeks and has dived in and is already starting to make a contribution as Jim Courchaine has as well. If you'll flip to the last slide. Beth and I summarized that, in terms of the corrective actions that are mid and long range planning. Best challenge now will be to establish priorities from the assessments that have been made and that are ongoing and set those, so we can prioritize both staff time as well as capital and operating dollars, also to develop the strategies, to ensure consistency and follow through. And that's part of that accountability, but also developing a framework to ensure that once we begin or identify something that needs to be done, that it doesn't get lost in the shuffle with lots of other activities going on. And then-

Larry:

In the shuffle with lots of other activities going on. And then, identifying funding and resource needs both short-term and long-term, and that's both the staff, in order to work on projects, and that's both internal and external as well as the capital and operating dollars that are needed to put behind some of these projects. Recruitment, retention, and succession are key areas; we've talked about this as an organization for quite some time, we're starting to see a little more turnover within the organization. We're finding that the job market is still very tight for high quality people with technical skills and background. For instance, water treatment operators and water treatment plant supervisors are very difficult to convince them to change jobs or to find them that are high quality. So Jeanine is looking at pay equity within the organization to ensure that we are paying what the market is and what we should be doing quite frankly, if we need to be paying a retention bonus or a sign-on bonus to somebody in order to have them join the RWA.

Larry:

And then what, what are the needs coming down the pike of those critical positions that we need to make sure that we have a plan in place to replace that individual, should they retire or go to another organization; and that could involve training somebody internally, or it can involve recruiting from the outside, but we need to make sure that we have that plan.

Larry:

The whole long-term focus, short, mid, and long-term planning, there's a heavy emphasis on change management because we are looking at doing things differently than we have in the past. Getting away, as Beth mentioned from folklore, to writing things down, to referring to some of the original operating manuals on how parts of the system should operate at its best and making sure that we're following those. So Jim has got experience in that and will help with that change management process going forward. So before I make a final comment, Beth, do you want to add anything to that?

Beth:

No, I think you covered a lot. I think we've, it's a balance of priority and it's quite of a change for us, and one that's going to take time and consistency and support from both top-down and bottom-up. And I think that's where we're finding that there's a tremendous amount of opportunity from our frontline workers to our mid managers that are behind us in these efforts. So it's exciting, but we have a lot of work to do.

Larry:

Thank you. And I want to publicly thank and give kudos to Beth for rolling up her sleeves as quickly as she did and diving in, to a deep dive, to investigating what the issues are and developing. I think a really comprehensive plan, even though it's a work in progress and she'll still be the first to say that, but to developing a long-term, excuse me, to develop a plan in order for us to address these issues and to improve the operations overall. So thanks Beth for all of your efforts there. So with that-

Joe:

If I may, could I add something?

Larry:

Tim I was just going to say, do you want to make any final comments?

Tim:

I would love to. In my effort to support Larry and Beth's efforts of leading, managing, operating, maintaining the assets, I plan on listening more to the distribution system. It talks to us every day, but I don't think we've listened enough. If something happens, it's saying something's wrong, and we just have to look at things differently. As I have my conversations with, at the end it'll be about 45 or 50 people, we're going to identify opportunities for improvement. And like Larry said, and Beth said, there's going to be change, and that change has to be managed. The first reaction of most people is to say, "What did I do wrong? What did I do?" So we have to help them through that. The only way to really help them is through impeccable communication, reassuring them that everything will be okay, telling everybody why we're doing what we're doing every day, 10 times a day, and just communicating on the highest level we possibly can. And when we do that, that'll help us to stop putting out the fires we've been putting out for a long time now, but I'm very happy to be here.

Tim:

It's my sixth year helping the authority. I do feel like family because, like Ted said earlier, it's a very family oriented family environment around here, and I've had some great welcoming from your staff. Thank you.

Larry:

Thank you. So with that, we'll be glad to answer any questions.

Suzanne:

I have a question. When you look at this Beth, do you see this as a shortcoming in the capital plan or a shortcoming in the annual maintenance plan?

Beth:

I think it's a little bit of both Suzanne. I think we've done a good job managing our capital and our O&M. I think our priorities have been skewed somewhat. For example, when you look at our capital investments, our Gaillard pump station, our largest, most important, critical assets, 60% of our supply, it's reaching 40 years old. It's going to need a major rehabilitation and putting that on the capital budget and ensuring that the project gets done has to happen. I think that sometimes priorities shift and we were not doing a good job of understanding what the consequences when happened when those priorities shift.

Beth:

So I think it's also going to, Rochelle and I talk about this that, it's also going to come down to priorities for the organization, and I think even more so when we look at operating budgets, in terms of how we manage those expenses and how we prioritize what we want to achieve in a given year.

Beth:

The other challenge I have, to be quite honest, Suzanne, is I don't have a lot of good data around all of these assets and the necessary level of maintenance that we really need to be putting into the system, and that's something that Prem and I are working on, in terms of a work management system with defined schedules and things like that. That'll help us build up what the needs are, not only from a cash perspective, but a resource perspective. And that's really a big piece of our asset management program, is understanding what our true costs are and what we need to do. Right now we spend a lot on reactive maintenance, and I think there's an opportunity to become proactive and shifting the spend. So it's about, so I don't know if I answered your question, but from my perspective, it's a little bit of everything.

Suzanne:

Well, I guess one of the questions will be, will there be major changes to the capital plan as a result of the work that you're doing?

Beth:

I think what you've seen in the 10 year model in terms of larger projects achieving multiple objectives, will be the big shift, in terms of dollar amount. I think we'll be able to, perhaps we may need to increase slightly depending on the project, but I think what you'll see in the capital budget as we presented in that 10 years, these broader projects achieving multiple objective, but larger scale projects; that's how I see the capital budget changing.

Suzanne:

Okay, and then another outcome will be a maintenance management system that is identifying all the maintenance issues, who's accountable, how can we'd build schedules for it to getting done? Okay, thank you very much.

Beth:

And the vision [crosstalk 01:47:23] to that, I'm sorry Suzanne, but just to add, to the vision to that, well those will ultimately help support the capital investments. So the vision is that you can see, I've been to the, just to, we talk about it in simple terms here, but I've been to this pump station 10 times, I've

invested \$10,000 of labor, maybe it's time I need to rehab those pumps. And using that data, that's the vision for a truly using predictive analytics as well to feed some of our decisions, but really having that maintenance program feed where we spend our capital dollars as well.

Suzanne:

Thanks Beth.

Beth:

Yeah.

David:

Are there questions or comments? I think it's important that you've got a plan here where you have the nexus of operating in capital expenditures that will be reviewed. And I think it's also important, and maybe this is the optimist in me, but I think it's also important that you've got a couple of people who have some great experience that are coming in that have other water company experiences to bring to us the best management practices and some other thoughts and ideas that maybe will help us as well. And they speak the language; they're not just a pencil pusher and efficiency; they are actual people who have gotten their hands dirty doing the job. So I think you've got some, it sounds like, and I don't know either gentlemen, but it sounds like you've got some good people there that will bring the experiences that will be helpful. So thank you for the update. We look forward to some good things out of this.

Tony:

Larry, it may be a little late for you to start this process, but it would seem like we are moving toward a replacement of Gaillard. And at some point in the future, that's going to hit us. Can we start to see early steps in every one of the next budgets that lead us toward that direction? Is that possible?

Beth:

Yes. So it's not over, I wouldn't call it a... I'm sorry Larry I'm going to...

Larry:

Go ahead.

Beth:

It's not a replacement of Gaillard so much, it's investment in the... The pump station is going to need a lot of investment. So what you'll see from the capital plan, which is new, is that we've identified there are large projects that will help support us to move forward in that direction. For example, storage, we need to increase storage in the system before we can work on the pump station. So those large scale projects were part of the most revised capital budget that will help get us to a point where we can make these critical infrastructure replacements. So yes Tony.

Larry:

Bigger projects, just like at the West River Water Treatment Plant, the BAF unit there. That's an example of a large project that is upgrading the plant in order to meet today's demand. So there could be those

kinds of projects at Gaillard and even like, Saltonstall, for instance, going forward that we might have to make.

David:

Other questions and comments? All right, Jim, welcome aboard and Beth and Larry. Thank you very much. Thank you. And all right, we will move on to RPB committee meeting reports and we had Consumer Airs on January 25th. Suzanne, were you able to be there? Cause I think that came after our last meeting.

Suzanne:

Yes I was, and as soon as I get calendar in front of me, yes, right here. Wrote down notes here. I think what we talked about, we did the whole cybersecurity presentation and actually it was very well received and a lot of really good questions.

David:

Good, thank you. Tony, were you at the finance committee meeting last week?

Tony:

I was. I have absolutely no memory of it, however.

David:

Well the chairman is here so we could ask him, but if there's anything that needs to be brought to our attention.

Tony:

Yes, there were a few things. Let me tell you, rather than putting him on the spot.

David:

Good.

Tony:

There was a discussion of compensation, of both the RPB and the RWA. The RPB did feel as if their compensation should be increased to go along with whatever the measure of increase with that was being projected across the state level activities. However, they felt that the five member authority was already being paid very well and that they shouldn't necessarily receive any increase in their enumeration; I didn't hear any dissenting votes on that. And those were the two major pieces. There was another small thing, like a few billion dollars worth of bonding, but nothing [inaudible 01:52:31].

David:

I think also there's an item on tonight's RPB agenda where the finance committee recommended a 3% increase in the compensation for the RWA, for the us starting June 1st started the fiscal year. So that is on the agenda tonight, at 3% across the board for-

Tony:

Thank you David that was right.

David:

Thank you. So Tim, thank you for your committee's support on that, and we'll see how things go with that tonight.

Tim:

[inaudible 01:53:02] I was afraid I was going to [inaudible 01:53:04] me.

David:

Thank you. Land use committee. Kevin, were you there the other, no I'm sorry, I'm in the wrong month. Suzanne, were you there the other day, last Wednesday?

Suzanne:

I was, and in addition to the regular land use updates that John always does a very good job with, he also went over all the historical sites located on the RWA property, and that also was received very well.

David:

Sounds interesting. I'm sorry I didn't zoom into that. Okay, all right. And then consumer affairs is next Monday, calendar wise, so there we are. Thank you folks.

Larry:

David I might add that our consumer affairs committee on Monday Ellen Durnin, who is the Dean of the Southern Connecticut School of business, will present an overview of the utility management degree program and provide a status on that. So she's been invited as a special guest by Steve Mongillo.

David:

Great. All right. Right, then we are at the end. Well, not at the end. Because we have an executive session and stuff later, but we are at the point where I would like to ask if we can recess the authority and meet as strategic planning committee, would someone like to move that?

Joe:

I'll move it.

Suzanne:

Second.

David:

Seconded by Suzanne and Kevin, all those in favor signify by saying, "Aye".

All:

Aye.

[STRATEGIC PLANNING COMMITTEE MEETS FROM 2:40 P.M. TO 2:55 P.M.]

Passes unanimously. We are now back to the authority and we are on the item L which is executive session items to discuss acquisition and real estate negotiation. So I would ask that we move to go into executive session for purposes of discussing acquisitions and real estate and invites the senior executive team members.

Suzanne:
So moved.

David:
Is there a there a second?

Kevin:
Second.

[EXECUTIVE SESSION FROM 2:56 P.M. TO 3:27 P.M.]

Larry:
There's no further items that we have from the leadership team.

David:
Okay. Well then I will ask, well, I guess we declare that we are out of executive sessions as we can't vote in executive session. And are we ready to recess the meeting and gathered together later on with the RPB who would like to move to adjourn?

Joe:
So moved.

Suzanne:
Second.

David:
Second by Suzanne. All those in favor, signify by saying, "Aye."

All:
Aye.

David:
Passes unanimous. Somebody's got to let you go-