

**South Central Connecticut Regional Water Authority
Compensation Committee
July 15, 2021
Meeting Transcription**

[COMPENSATION COMMITTEE MEETING STARTS AT 3:10 P.M.]

Tony:

Thank you. The first act is to approve the minutes of the last meeting. Do you all have the copy of that? Janine, do they have the right copy?

Jeanine:

I am not sure. I'm assuming they do.

Tony:

Okay. Let's assume that they do.

Jeanine:

There it is.

Tony:

I'm sorry? Are there any corrections or omissions?

David:

I'll move they be approved.

Tony:

Is there a second to that motion?

Suzanne:

I'll second it.

Tony:

All in favor, say aye.

Suzanne:

Aye.

Tony:

Opposed? Minutes are approved.

Catherine:

I abstain.

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Tony:

And that was Catherine?

Catherine:

Yes. I was [inaudible 01:10:57]

Tony:

Thank you. I have trouble identifying voices here.

Catherine:

Okay.

Tony:

Can we move? So the next plan is to discuss the FY 22 work plan. Jeanine, do you want to walk us through that?

Jeanine:

Sure do. So you see this up on the screen and what might be a little bit different than in prior years is that we had significant compensation related work two times a year, and then the other two of the four scheduled meetings were peppered with different things. And we thought, I had reviewed this with both Tony and Larry, we thought it might make better sense to keep... Obviously we need to keep the January and July meetings the way they are to align with certain other important dates that have to happen, so from a timing perspective, those all still work. But we thought it might be a good idea to leave the other two dates on the calendar, which are October and April as open meetings in terms of if there's an interest in a certain topic, you can certainly decide that amongst yourselves and we can have those topics be for that meeting.

Jeanine:

The charter in it of itself, and I know we're going to look at the updated charter, does not require four time annual meetings, four times a year meetings like some of the other charters do so that is why we're able to do that. There's some necessary topics of interest that really might be beneficial for you all to hear if you have an interest. Diversity, equity and inclusion, we're on a significant journey with that right now so that might be an area of interest. I'd love to be able to present the work that we're doing so far, maybe in the October meeting, and then certainly lots of work around succession planning and employee engagement. So just a thought there, and that's how we put together the work plan for your duration.

Suzanne:

So I have a question. The work that Willis...

Tony:

Tower Watson?

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Suzanne:

Thank you. Willis Tower Watson.

Jeanine:

Just say WTW like I do. I just forget [crosstalk 01:13:31].

Suzanne:

Okay, yeah. That's fine. So WTW performed to provide the study in which we have incrementally and iteratively moved compensation of our key executives. Is that complete at this point or are there still pieces of that puzzle that have to move forward, or are they just a matter of implementation at this point that it would fit right into this schedule and there's no desire to do any more significant studies or anything at this point?

Tony:

Larry, you could probably join me in this.

Larry:

Willis Tower Watson has completed their study of all the positions. There are a few that we need to update. We have aged some of the data since the last study they did which was in 2017, but they're essentially updating the data that we need when we're either recruiting for a position or we're providing an update for discussion with this committee. So they've essentially done all of the salary studies that they need to do, unless something dramatic changes.

Suzanne:

Okay, thank you.

Tony:

So one of the ancillary questions to that is should we get any other studies in the next few years by a different group that have a different view, or do we update Willis Tower Watson? Is there action necessary for us to take a look at our benchmarks? I'm asking this of the group.

Suzanne:

Of the authority?

Tony:

Yep. What's your preferences?

Suzanne:

I would assume that the study has produced an outcome that's current, and until Larry tells us something different because he can't recruit or he can't retain or whatever, I would say we're okay.

Tony:

Thank you. Any other thoughts?

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Catherine:

[crosstalk 01:15:35] Sorry. Do you think it would be helpful for me to see the study?

Suzanne:

Sure, I do.

Catherine:

So can I get a copy?

Jeanine:

Yeah, I can send that to you, Catherine. Just bear in mind, it's very old. In the compensation world, five years is old.

Suzanne:

It is old but it's taken us five years to implement, so it's [crosstalk 01:16:02]

Jeanine:

Yeah, but there are parts of it, as Larry alluded to, that they update for us annually. So the compensation data for the officer's salary is always updated so we're not looking at old data, but I will send that to you, Catherine.

Tony:

And how they did this study is probably important for Catherine.

Jeanine:

Sure.

Catherine:

Thank you.

Tony:

I think we're particularly interested in the peer group and which peer group we use, that kind of stuff. I thought it was interesting. Okay. Any other discussion on the work plan? Hearing none, we'll just move on and we'll work with that. Second piece, was it the charter, Jeanine?

Jeanine:

Yes, Tony.

Tony:

Thank you. I lost my picture here.

Jeanine:

That's all right. I'm going to share the screen so that I had put what's on board pack right now is the final version, and I realized I can certainly speak to it but I'd rather show you the red line version so you can see the changes I made, so I'm going to share that with you now. Can everybody see?

David:

Now we can.

Jeanine:

Okay. So just highlighted a few areas in the old compensation committee purpose. There was conversation around evaluation of the officers, and that's kind of a little bit of a misnomer in the fact that Larry is responsible for the performance evaluations of the leadership team and this group is responsible for the CEO's performance evaluation, so we made the change to recognize the practice that we're actually doing up there. And then in the second bullet point, we also crossed out that same reference. So that's basically the updates.

Suzanne:

So if you're looking for a motion to approve the recommendation of the revised charter, Tony, I'll make that motion.

Tony:

Thank you. Is there a second to that motion?

Catherine:

Second.

Tony:

Second by Catherine. Any other discussion? All in favor, say aye.

Catherine:

Aye.

Tony:

Nays? Abstains? Motion carries. So this is now adopted as the new or revised charter for the Compensation Committee. Okay. What are we going to next? Let's see. We got that. We've got the work plan. We don't have to vote on the work plan. The work plan is [crosstalk 01:19:05].

Jennifer:

No, I'm trying to get to the...

Suzanne:

I'm sorry?

Jennifer:

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I'm trying to get to the presentation.

Suzanne:

Are we in an executive session now? We didn't go to executive session, or are we in the committee?

David:

We're in the committee, we're not in executive.

Suzanne:

Right. A motion to come out of the committee.

David:

No, we're still...

Tony:

We've still got a lot to go in this...

David:

Yeah, two more items. Those items are within the committee.

Tony:

Yeah.

David:

Planning results-

Tony:

All five items are in the committee but we'll go into executive session for the last one. We'll take action as we come out of all of them.

Suzanne:

All right. Can you tell me what the... I don't have that on my... Oh yes, I do. I see this is all under the compensation committee. My apologies.

Tony:

Okay. We're going to move on to the strategic planning results, updating global metrics. Larry, want to take that over?

Larry:

Sure. Thank you. So I want to review with you the final results of our fiscal 21 strategic plan action items and global metrics, which is updated through the fourth quarter. And Jennifer, you can go to slide three. So we have a total of six goals across the four perspectives here and I wanted to review with you the

results of each one. So the first one was meeting or exceeding customer expectations in all that we do, in providing clean, safe water, pristine environments and day-to-day service.

Larry:

We were, as was the rest of the world, greatly impacted by the COVID-19 pandemic this last year and we took on a number of projects and initiatives that would have a positive impact on the customer experience, not only during the pandemic but afterwards. So some of the actions that we took was we realigned our customer care organization around the core activities of having a contact center and billing and collections so that we could have two distinct groups service our customers in those areas. And as a result, we achieved some significant improvements in our key call center metrics, including a 41 second improvement in the average speed of answer and a 3.7% improvement in our call abandonment rate. So average call answer speed was 37 seconds in fiscal 21 compared to 78 seconds in fiscal 20, and the call abandonment rate was only 3.7% in fiscal 21 compared to 8.3% in fiscal year 20.

Larry:

The realignment that I mentioned also provided our teams with an opportunity to identify and introduce some back office process improvements, including an online property closing forum which makes it easier for lawyers to deal with us, and an introduction of an automated SAP functionality support to support the lean process. And the launch of our new customer portal during the last quarter of fiscal 21 laid that foundation for a better customer experience, so they can access information through that portal. We completed a bill redesign resulting in a cleaner, more contemporary layout, and the addition of a water consumption chart so customers can compare this year's consumption to last year's consumption. And the outsourcing of the print and mail services will provide a foundation for transitioning to monthly billing, which is underway and scheduled to go live in January of 2022. So these efforts provided a simpler, more friendly experience for our customers and reduced the manual tasks that our employees have to perform associated with servicing customers. So you can go to the next slide, please.

Larry:

The next slide was having to do with our employee perspective and that's attracting, retaining and developing high quality, engaged employees throughout the RWA to better fulfill our purpose. And developing our employees was critical to the delivery and execution of our mission, by fostering a safe working environment and building an organizational structure to align with our vision. So actions taken by the RWA to show our commitment to safety in fiscal 21 included a refresh of our code of safe practices, and that code is accessible to the employees on the intranet. It's provided to all new employees as part of their onboarding experience and will be provided to all employees during the Safe and Sound Week, which will be held on August 9th through the 13th this year.

Larry:

We also instituted in the operations division a Watch My Back program which was recommended by one of our newly minted field supervisors, and it's a safety mentoring program that highlights the value of real-world experience and increased safety engagement, so you have experienced employees explaining to new employee's proper procedures so that they don't injure themselves. We made some organizational changes that have focused on succession planning, departmental alignment and employee training, as well as recruiting for key roles of the VP of operations, which we filled with Jim

Courchaine. We're still recruiting for the VP of finance as well as the VP of engineering and environmental services and a director of employee services in Janine's area.

Larry:

The succession planning strategic framework developed in fiscal 21 provides processes that we think will help us more proactively plan to identify and fill key roles with qualified, capable people, whether internal or external. We also created career pathways for current employees, which is part of our succession planning for our frontline employees. We created an apprenticeship position and have already had two employees move to full-time utility tech roles, and in addition, a water treatment plant operator in training and position was posted and filled within the water treatment department. And that'll help us grow our own water treatment operators, because it's been difficult to recruit those individuals when we have vacancies.

Larry:

In light of the pandemic, we also formalized a remote work policy in June of 2021 in recognition of our workforce wanting to work from home more and so we can have the flexibility with them during the week as well as support effective communication and collaboration across the organization. We held a company-wide vaccination clinic which resulted in approximately 45 employees receiving vaccinations onsite, and we updated our return to work handbook and associated guidance in support of a return to normal operations in June. I think we have a total of, Jeanine can correct me here, but I think about 60% of our employees are vaccinated. Is that right, Jeanine?

Jeanine:

Yeah, we're closer to 70 right now.

Larry:

Okay.

Jeanine:

Yeah.

Larry:

We could go to the third goal. This is focused on our environmental services and...

Larry:

Focused on our environmental services and recreational activities to improve opportunities for stakeholders in our service area. And we made some great strides this past year in our recreational and environmental services program by expanding on virtual delivery methods and identifying opportunities for the socially distanced community to participate in activities on RWA property.

Larry:

We also expanded the use of social media to promote events and engage the community around our environmental education offerings. Lisa DeFrancesco, who's our educator throughout the 2020, 2021 school year, she offered a variety of virtual education programs with schools, libraries, and other

organizations, which included a learning from home and in the field video series. She also conducted project water field trips, remotely, and created a virtual tour video of the lake Whitney treatment center. And she turned our annual environmental careers summer camp with Common Ground High School into a virtual event. She took full advantage of technology to continue providing educational curriculum to the community.

Jeanine:

She did an amazing job, Larry. I just want to point that out. She really put us out in front of the community pretty much continually during the pandemic. She did awesome.

Larry:

Yeah, and by doing that, we were able to reach communities that have not participated in our programs in the past, like Derby, for instance. That was a good thing, in addition to just doing an awesome job with the programs in general.

Larry:

As part of our recreation program, we also added to the lake salt [inaudible 01:29:00] fishing program and added fishing trails at lake Chamberlain, which was approved by the RPB in June of 2021. The fishing trails are actually being cut this month. And we've had at least one outdoor event per month since August of 2020. And we've done Facebook posts multiple times to engage the public. And some of the events that have been offered are things like a botany walk, a butterfly walk, a bird walk, wildlife tracking, knot tying, fishing knot tying, and archery for kids, and elimination of invasive species to name a few. We've had some great community activities there.

Larry:

If you could move to slide six, the 2025 strategic plan was refreshed with an eye to the Centennial plan, which incorporated the 12 key social economic and behavioral mega trends we reviewed with the authority last year. And our fiscal 22 operating plan and global metrics have been completed and shared with the board at the June meeting, so we reviewed some of those mega trends that were included in the plan. But in fiscal '21 a comprehensive hydraulic model update was completed and is available for use by our operations and engineering department. And water age modeling currently in progress and is scheduled for completion in the first quarter of fiscal '22. And water age modeling essentially shows you how long it takes water to travel through the distribution system from the source to the tap, and that way that will help with maintenance and operations decisions. And that that model will serve as an update for developing the operations master plan that Jim will be undertaking soon.

Larry:

We also have been successful in improving our distribution system disinfection by-product concentration, consistent with the efforts by our natural resources department treatment and field operations to improve disinfection byproducts. And that is essentially developed through the contract of organic matter, like leaves, coming in extended contact with chlorine and the like, and that creates a carcinogen called disinfection byproducts. And so there are federal standards for that and we've been well below the standard for several years in a row.

Larry:

We have also formed an internal task force to review the upcoming revisions to the lead and copper rule, and we retained an outside consultant that has experience in that area to assist with that effort. And our team is currently reviewing the data as it relates to the service territory and will begin work and continue that this year.

Larry:

We also conducted a key asset evaluation in fiscal '21, including an asset management assessment and a critical asset maintenance program of the lake Gallard pump station and the lake Gallard water treatment plant turbine, as well as the Spring Street and Woodbridge pump stations. That will help us develop a maintenance plan as well as capital improvements for those key assets.

Larry:

And we also, with the help of Jim [inaudible 01:32:44], formed a distribution management operations and maintenance team within the operations department, and includes participation from the capital planning and delivery department to develop an asset maintenance program and perform evaluation of our Shingle Hill and Milford service areas, as well as developing effective practice guidelines for pump stations within those service areas. Effective practice guidelines are like standard operating procedures, only they're at a higher level.

Larry:

And finally, an assessment of the maintenance and management practices and the current utilization of our enterprise asset management software was conducted in the last quarter of fiscal '21. And that evaluation essentially outlines a software roadmap and initiatives that we need to undertake to integrate with our GIS tools to help with a better overall understanding of what we need to do on a regular basis to maintain the assets.

Larry:

And the next slide, please. With respect to goal five, embracing innovation and adopting state-of-the-art technology to ensure that we continue to deliver on our higher purpose. And we have four key [inaudible 01:34:14] themes as part of this effort, one of them is meter to cash. The other one is sorts water to consumption. The other is regroup to retire and procure to pay. Two process improvements were implemented in fiscal '21, which includes the remote work policy, which was originally developed by the hire to retire team. And the lead notification process was implemented by the meter to cash team, which is one of the items that was included in the rules and regulation updates that Prim reviewed with you earlier.

Larry:

The source [inaudible 01:34:55] team executed the work management project, which identified processes, the triple bottom line improvement opportunities, within the organization and their work is nearing to completion by populating our GIS system in the enterprise asset management program that I just mentioned.

Larry:

The procure to pay team will use information provided by a consultant selected by the financial services team to support the procurement consolidation efforts. We're working to centralize our procurement in order to take advantage of bulk buying and other efficiencies, because we are looking to reduce our working capital and the expense that we have on buying supplies. And that team is starting the requisition process review and analysis effort right now.

Larry:

In addition to the improvements implemented in fiscal '21, the hire to retire and meter to cash teams identified over 15 potential opportunities for improvement. They're using a six Sigma evaluation sheet, and then these cross-functional teams will assess each idea against a series of questions to evaluate them against their strategic alignment, feasibility, and the overall benefits to the organization.

Larry:

And then RWA partnered with VertexOne to develop the customer portal, the hybrid mobile app, and other projects to support our commercial enterprise growth. And the project team successfully launched the first phase of the mobile responsive customer advantage mobile in May of '21 to produce for testing by RWA employees. And this new portal will be launched at the end of calendar year 2021. And then RWA is continuing to enhance its cybersecurity protocols, first by hiring an enterprise security manager who will continue to build on creating employee awareness through training of employees, conducting tabletop exercises, and completing other enhancements to ensure the safety of our digital assets.

Larry:

And the next slide is focused on our financial health and growing our commercial business opportunities. Working closely with the VP of financial reporting analysis and the business development director, we finalized the asset purchase agreement with Roche Plumbing and other related agreements, and have successfully completed day one operations in early fiscal '22, so that was a major accomplishment.

Larry:

To support the commercial enterprise's we established two new legal entities consistent with the legal structure that was reviewed and approved by the authority board earlier in the year. And by the end of the fiscal year, 2021, we had two targets working toward providing information for evaluation and entering into a due diligence process. And during fiscal '21 we completed that an updated valuation and due diligence of another potential acquisition.

Larry:

We're also using a third party vendor to set up additional companies in the RWA system and providing updates to the external auditors. By the end of the fiscal year, the work on the actuarial work to assess the well safe product was well underway so we could do a price analysis.

Larry:

The business development director is actively pursuing other acquisition targets and potential joint venture partners, so that will continue to be a focus of his in mind for the rest of the year. We're getting input from legal counsel and bond counsel, financing advisors, and auditors as necessary.

Suzanne:

And Larry, can I just ask you a quick question? Is he going to be involved in the development and expansion of your other lines of businesses or is he purely for acquisition?

Larry:

No, he'll be involved in, in the expansion of other lines of business as well. For instance, he's looking at our well safe program. He's looking at expanding pipes, working with Prim, to other [inaudible 01:40:03] towns. He's doing the whole range of commercial enterprises.

Suzanne:

Okay. Thank you.

Larry:

Continuing on the financial health, is that the last slide? In continuing on our financial health, we continue to investigate additional avenues for grant funding, and that included investigating our ability to apply directly for funding through the American Rescue Plan. And when it was determined that we could not apply directly, but we could request funding through municipalities, we sent a proposal to the city of New Haven and continue to follow up on that.

Larry:

And other efforts relative to that, working with municipalities regarding ARPA funding and a potential infrastructure bill continue in fiscal '22. For instance, letters were sent to the two U.S. senators and to Congresswoman Rosa Delauro relative to water infrastructure funding. And at the end of fiscal '21 we learned about a direct grant opportunity through Senator Murphy's office. And so when early fiscal '22 we submitted three projects for consideration. We did receive a hundred thousand dollars [inaudible 01:41:34] grant as well as funding proceeds associated with one open [inaudible 01:41:42]. Sorry for the background noise.

Larry:

We also increased our contact for the federal [inaudible 01:41:52] funding program, which is a source of low cost loans and we pursued a federal emergency management agency reimbursement in connection with the tropical storm [inaudible 01:42:08]. We also have efficiencies and savings in our water treatment operations, and receiving a DPH approval for hydrogen peroxide pilot, which will lower some of our treatment costs. And data from the summer season, when we typically have higher organic compounds, will continue to be analyzed through September 2021 in order to continue to improve water quality. That's an update on just the 2021 strategic plan, I'll be glad to answer any questions before going to the global metrics review.

Larry:

Okay. The next slide of the fiscal '21 global metrics and the good news here is that out of eight global metrics, we have achieved eight of those. The one that we did not achieve was the one having to do with our all-important safety goals to create an injury free work environment. And among those seven that were achieved are all three of the financial targets, which is great news. We have a fiscal '22 safety action plan in place that is designed to improve the overall safety performance and success of our

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employees within the organization, and Janine is championing that effort, and we're confident that we'll be able to report better news in fiscal '22. With that, I'll end the update on the strategic plan and the global metrics. And have any questions?

David:

Tony, you're on mute.

Larry:

You're still on mute Tony.

David:

Yeah.

Larry:

You're on mute.

Tony:

... do this stuff, right? I've been yelling for 20 minutes and no one's been listening to me.

Larry:

Now you know why.

Tony:

Now I know why. Okay. Thank you. I'd like us to move on to the next section here. And since this involves a large portion of your evaluation and self-evaluation, Larry, I would like to consider us going into executive session at this time and removing everyone, including your leadership team, you and the board remaining, along with Jennifer. Is that acceptable to you?

Larry:

That makes sense.

Tony:

Okay, then let's plan to do that guys. Goodbye.

Larry:

[crosstalk 01:45:20]. Bye.

David:

... we go into executive session.

[COMPENSATION COMMITTEE MEETS IN EXECUTIVE SESSION FROM 3:45 P.M. TO 4:40 P.M.]

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Tony:

We're now out of executive session, we're back into the committee meeting. Do we have to vote on anything in the committee meeting?

David:

You want to vote on your recommendations to the full board?

Tony:

Yeah.

David:

Which were-

Tony:

Okay, so we're going to recommend. I'll entertain a motion to recommend to the full board, the salary [inaudible 01:46:07] and bonus compensation, and the approval.

David:

As presented and-

Tony:

As presented.

David:

Okay.

Tony:

Larry, can you hear? Am I on mute? Okay. You're not jumping up and down.

David:

We can't hear you very well, Larry.

Tony:

All right. For some reason your mic may be down.

David:

Yeah, we're hearing you barely.

Tony:

Okay.

Suzanne:

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His thing may need to warm up, some people's computers have time... [crosstalk 01:47:14].

Tony:

Okay. We've now approved in the committee the recommendation to advance things to the authority.
Okay.

David:

Correct, yeah. Are you ready to adjourn your committee meeting?

Tony:

I will entertain a motion to adjourn the committee meeting and resume as the authority.

David:

So moved.

Tony:

Is there a second?

Suzanne:

Second. [crosstalk 01:47:41].

Tony:

Okay. All in favor, aye.

Suzanne:

Aye. [crosstalk 01:47:43].

[COMPENSATION COMMITTEE ADJOURNS AT 4:50 P.M.]