

**Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District
Via Remote Access****

AGENDA

Regular Meeting of Monday, August 9, 2021 at 5:00 p.m.

1. Safety Moment
2. Approval of Minutes – July 19, 2021 meeting
3. Consider and act on recommendation to Representative Policy Board regarding Completeness, Mode and Date of Public Hearing for the Authority's Application to Approve Issuance of Test Rate Application
4. Discussion re Ten Year Model Scenarios
5. New Business
6. Next regular meeting – Monday, September 13, 2021 at 5:00 p.m.
7. Adjourn

****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=1435&meettype=&page=>. For questions, contact the board office at jslubowski@rwater.com or call 203-401-2515.**

Topic: RPB Finance Committee Meeting

Time: Aug 9, 2021 05:00 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/84220100836?pwd=cHJjRmR3N1FnNmJKRXZNTFoyUEhVQT09>

Dial by your location

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Meeting ID: 842 2010 0836

Passcode: 015741

Find your local number: <https://us02web.zoom.us/j/kcFicRm0bv>

SAFETY MOMENT

AVOID PESTICIDE EXPOSURE WITH PROTECTIVE CLOTHING

Even a “natural” or low toxicity product can cause harm if a person is exposed to it. Minimize your risk by using personal protective equipment (PPE). Different products may need different PPE. Always read and understand the label before using pesticides.



In addition to reading and following label directions consider these tips when using pesticides:

- Make sure kids and pets are out of the area before applying
- Wear protective clothing
- Mix pesticides outdoors
- Mix only what you will need to avoid storing or disposal
- Be prepared for spills
- Read First Aid instructions
- Remove personal items from spray area
- Avoid spraying in windy conditions
- Wash hands after using

Service – Teamwork – Accountability – Respect – Safety

**Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District
Via Remote Access**

MINUTES

Regular Meeting of Monday, July 19, 2021 at 5:00 p.m.

ATTENDEES: **Finance Committee Members:** Tom Clifford, Charles Havrda, Jay Jaser, Vincent Marino, Tim Slocum, Michelle Verderame and Jamie Mowat Young
RPB Member: Mario Ricozzi
FMA Member: Catherine LaMarr
Management: Larry Bingaman, Rochelle Kowalski and Prem Singh
OCA: Jeffrey Donofrio
Staff: Jennifer Slubowski

Chair Slocum called the meeting to order at 5:00 p.m.

Mr. Jaser motioned to amend the agenda to move Item 6, *Elect Committee Chair for 2021-2022*, as the first item of business. Mr. Clifford seconded the motion and the committee unanimously approved the amended agenda.

On motion made by Mr. Jaser, seconded by Mr. Clifford, and unanimously carried, the committee voted to elect Mr. Slocum as Chairperson for 2021-2022.

Chair Slocum reviewed the Safety Moment distributed to members.

On motion made by Mr. Clifford, seconded by Mr. Havrda, the committee approved the minutes of its June 14, 2021 meeting. Ms. Young abstained.

Ms. Kowalski, RWA's Vice President of Financial Reporting & Analysis, reviewed the Year-end Financial Report for the fiscal year ended May 31, 2021, which included:

- Balance sheet
- Statement of revenues, expenses, and changes in net position
- Maintenance test year-end projections
- Operating and maintenance key variances
- Capital expenditures
- Investment earnings report

At 5:29 p.m., Attorney Donofrio and Mr. Bingaman withdrew from the meeting.

Ms. Kowalski reviewed the RPB Dashboard Metrics for the FY 2021 fourth quarter.

There was no new business to report.

At 5:36 p.m., on motion made by Mr. Jaser, seconded by Ms. Young, and unanimously carried, the

Representative Policy Board
Finance Committee
July 19, 2021

UNAPPROVED DRAFT

meeting adjourned.

Timothy Slocum, Chairman

Note: As a reminder, the next meeting of the Finance Committee is scheduled for Monday, August 9, 2021 at 5:00 p.m.

**REPRESENTATIVE POLICY BOARD
FINANCE COMMITTEE
AUGUST 9, 2021**

PROPOSED RESOLUTION

(Application for 2021 Rate Application)

RESOLVED, that the Finance Committee recommended to the Representative Policy Board (“RPB”) that the Authority’s Issuance Test Rate Application filed with the RPB on July 19, 2021 is complete, and that a public hearing be held on Thursday, September 16, 2021 at 7:00 p.m., *(logistics to be determined)*, and that the public hearing be conducted by a presiding member.

Ten-Year Model - Scenario Discussion
RPB Finance Committee
August 9, 2021



Model Scenarios – For Discussion Purposes

Focused on:

- Depreciation
- Coverage
- Pension
- Other Post Employment Benefits (“OPEB”)
- Commercial Net Revenue (organic)
- Water Revenue Decline
- Reserve Fund Balances

Considerations:

- Affordability/Rates
- Capital Requirements
- Allocation of Pension Contribution Reduction
- Leverage

2020 Model Scenarios

**Scenarios primarily related to varying level of capital expenditures and depreciation.
Recommended scenarios focused on mitigation to rate increases**

1) Scenario- Base Case – Rate Increase Less Than 7%

General & Rate Stabilization Funds each at \$10 million

Growth Fund used to fund commercial capital project

Coverage at 114%

Pension fully funded - fiscal 2025. Post 2025 – increased depreciation and opeb

General Fund excess used to offset Jan. 2021 rate increase

2) Scenario - Recommended Case - Rate Increase Less Than 6.5%

Base case w/ lower O&M, capital, and PILOT

3) Scenario - Add'l Recommended Case – Outer Year Expense Reductions

Focused on outer years - subsequent to July 2021 rate application

2020 Model Scenarios (cont.)

4) Scenario - Increase in Capital

10% starting in fiscal 2022

5) Scenario - Capital expenditure increase

One time \$15 million

6) Scenario – Pension

Fully funded end of fiscal 2023 vs. fiscal 2025

Your Thoughts and Comments



APPENDIX

2019 Model Scenarios

Scenarios primarily related to varying level of capital expenditures and depreciation as well as scenarios related to pension and opeb contributions. Recommended scenarios

- **Scenario #1:Base case**

General & Rate Stabilization Funds each at \$10 million, Growth Fund at then current level, coverage at 114%, Pension fully funded during fiscal 2025 (vs. at end of 2023)

- **Scenario #2: Increase pension contribution**

Pension contribution increased to achieve fully funded level by the end of fiscal 2023

- **Scenario #3: Increase depreciation**

Depreciation increase \$1.5m and subsequent increases to \$1.75 million, and \$2 million

- **Scenario #4: Allocation of reduction in pension contribution**

Allocated 35% to OPEB/65% depreciation. Recommend partial allocation to depreciation

- **Recommended - Scenario #5: Jan. 2021 rate increase Under 7%**

Y/Y increase in O&M 1% & capital reduction of \$1.5 million to keep increase under 7%

2019 Model Scenarios (cont.)

- **Scenario #6: Capital expenditure increase – Y/Y**
10% increase Jan. 2021 and beyond
- **Recommended - Scenario #7: Capital expenditure decrease - Y/Y**
10% decrease Jan. 2021 and beyond. Further analysis/risk assessment needed
- **Scenario #8: Capital expenditure increase – one time \$15 million**
\$15m increase in Jan 2024 case (infrastructure or technology)
- **Scenario #9: Capital timing – July vs. Jan.**
Capital expenditures timed for available year-end dispositions (July vs. Jan. cases)
- **Scenario #10: Increase depreciation \$500k over Scenario #3**
Depreciation \$2.0m (7/22 & 1/24), \$2.25m (7/25 & 1/27), and \$2.5m (7/28)