

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

David:

Okay. Good. All right. All right. Well then I'll call the July 15th meeting of the Regional Water Authority to order at 12:30 PM sharp. First item on our agenda as always, is a safety moment, and we hand that over to Jeanine to give us a brief synopsis of it.

Jeanine:

Okay. So this safety moment is all about the use of pesticides and how we can avoid being exposed to them through food, water, and air. Just gives you some suggestions, peeling fruits and vegetables, discarding outer leaves of vegetables, trimming fat from meat and skin from poultry and fish. I never really thought about that. And then of course buying organically and locally grown food, and using non-toxic methods to control insects in your home.

David:

All right. Thank you very much. Next item on the agenda is to meet as the Pension and Benefit Committee. So I will accept the motion to recess and see if those could meet as the Pension and Benefit Committee. Who would like to move that?

Suzanne:

I'll move that David.

David:

All right, Suzanne moved. Is there a second?

Catherine:

I'll second. Catherine.

David:

Second, Catherine. All those in favor, signify by saying, aye.

Tony:

Aye.

**[PENSION AND BENEFIT COMMITTEE MEETING STARTS AT 12:31 P.M. AND ENDS AT 1:18 P.M.]**

David:

Thank you. All right. We are at the consent calendar. Is there any of these items that anybody would like to ask for clarification? [inaudible 00:49:14] what's your pleasure, or is there a motion to approve them?

Catherine:

I move to approve the consent agenda.

David:

Move by Catherine, thank you. Is there a second?

Suzanne:

Second, I'll second.

David:

All those in favor signify by saying aye. [crosstalk 00:49:30]. Opposed? Abstaining? Passes unanimous. We are now on item D, consider an act on regional water authority rules and regulations. This is an item that comes up every few years, generally in a junction with the rate cases, where there may be some changes in the rules, and been a little while since it's been done, you've all got the original plus the redline version. And I think Prem is going to give us a brief tutorial on some of the changes, there weren't that many, mostly rate case and monthly billing related. So I will turn it over to either Larry or Prem, Larry, do you want to do some preview or do we go right to Prem?

Larry:

I think we can go right to Prem. You've made all of the general comments that I was going to, so.

David:

Sorry.

Larry:

Not a problem.

David:

All right, Prem. So you're on.

Prem:

Thank you, David. Thank you, Larry. So a very high level in terms of what we have done in the past. So just to balance it for Catherine, [inaudible 00:50:33], and even before I go through a detail. So last time we amended, as David mentioned, was 2017, is when we actually made the change in the rules and reg. Today, with your point, we look at these changes once in a while. One of the things that management recommends is that although the enabling legislation has not managed us to run through the RPB to include RPB members. We would recommend to actually, as part of the approval process, to include them. So they're aware of what the changes are, that helps us to enormously work on these changes. A couple of things, if this is approved as we go through the process, the effective date is going to be January 5th 2022, as you mentioned. It's going to be in conjunction to the monthly billing, and as soon as the rate changes, that we're putting in place.

Prem:

So of course we will make sure that we take our time to go through the process and put this in place for the effective date of January 5th. So that's the idea here. So high level, the very high level on some of the changes we are looking at in here, basically, as you know, we put in AMI technology in place, so as part of that there's whole usage alerts as part of the technology that's been enabled. So we wanted to

make sure that we clarify to our customers on the usage of specific data, the monitoring of the AMI data and the usage alerts, they still own the responsibility in terms of going in and making sure that they can look at their usage and consumption history. That puts us in a better stand on more of providing a free service than actually being liable for providing the data. That's one of a bigger change.

Prem:

Then in a couple of minor changes that was done on page 11, just to bring it to that level, to say that the changes are the owner's responsibilities ties to the rate schedule, so it's a minor change there. The next change, which is public fire service, a similar change on there. We raised the change to the highest level on the public fire service. There was a sentence that was moved to include all items on the public fire service, so that was a minor change. The next one, the cross connection control, item six and seven. Basically this is for... A customer is asking to put a new service. We're looking to make sure that as they're building, we call this the backflow preventer or installation, so we added a couple of things in there where we want to make sure that as installation is complete, we are in a position to go back and test it. So those are a couple of changes we put in there.

Prem:

Billing items, a monthly change. I believe on page 18 it calls out on a specific change in the monthly billing cycle. If I'm not wrong, Rochelle, this was [inaudible 00:53:21] to the private fire service. We are moving to monthly billing. The public fire service still sticks to the semi-annual billing. So that's the minor change there, in reflection to their monthly billing. A couple of minor changes on termination notification. And then we looked at a specific clause that we had in the [inaudible 00:53:42] that talks about a customer making a minimum payment, 20% payment. We just wanted to add a little bit more language to it, where we are giving the flexibility to the customer so they could actually come up with a payment plan with us.

Prem:

So there's no more dilation schedule and agreement there that helps the customer, that they can actually pay in a payment plan. Although I would caution that it's not all automatic, we have to do it in a manual fashion. So more improvements to come there. And then a couple of minor changes that we had on the service side, very specific to making sure that as a customer is putting an application for a new service, we wanted the customer to tell us estimated water demand so we could work through the actual demand and really put that in place. And then a few more technical, I would say specific, no, I mean, most likely [inaudible 00:54:36], and those can add a little bit more light, but I feel that it's more of a compression fittings change, and then a little bit change on the PEX piping, where we actually said that for underground service, we are trying to avoid the PEX piping for various reasons.

Prem:

The last but not least, what we have on the definitions. We did put a verbiage on before the extension. So for example, if a customer has a potential new service, and if they can tap into the main, we would like that to be the first possibility. Maybe we could defer the extension and then we could take it out based on further needs or from a customer's perspective, right? So those are the high levels on some of these changes. Like I said, the idea is that we would run this also with RPB if the authority approves it. So you just go through the process to make sure that everybody is inclusive on those changes. And then the effective date is going to be January 5th. So any questions from anybody? Do we have any seniors?

David:

Anyone have any questions regarding these? I don't see everybody so speak up, because you're not all on the same line of faces. All right. You don't have any... I don't see a motion here. What's the process here? Remind me, because it is not something we do on a regular basis. Should we [inaudible 00:56:02] move it as presented today?

Prem:

Yes. I mean, it looks like I look up to Larry. I mean, how you would like to proceed, because it looks like it was 2017 and I had no idea what happened back in time, so, Larry, how would you suggest to move forward here?

Larry:

Yeah. Yes. The authority should approve it, and for recommendation to... For review by the RPB. That, many times was done as part of a rate application process. So they would recommend this for approval to the RPB.

David:

Okay. So we'll recommend approval of this as presented by staff to the RPB. And some of this is going to be contained within the rate case that we'll be discussing later in the meeting anyway. So, all right. Is there a motion to that effect?

Catherine:

I'll move the question.

David:

Catherine, is there a second?

Suzanne:

And I'll second it. I'll second it.

David:

Is there any further discussion?

Catherine:

Nope.

David:

So you're ready to vote? All those in favor please signify by saying aye. [crosstalk 00:57:09]. I heard four votes, that's how many we have, so it was unanimous. Thank you so much.

Prem:

Thank you.

David:

And Prem, thank you for the report. All right. We are onto reports of RPB committee, there's actually only one that's been held since our last meeting, and that was last night. Land use. Suzanne, did you have an opportunity to avail yourself of your chance to go to their meeting?

Suzanne:

I did. Actually, we were up at the Whitney Museum and had a short lecture from... I presume it's the lead instructor of the initiative and project done by this Whitney Museum, and they're very active, and one exciting thing that COVID brought to them is their ability to teach kids and have apprentices from all over the world. So that was a very exciting development that would never have come otherwise because of the remote access. And then in addition...

Suzanne:

... because of the remote access. And then in addition to that, they're elected their chair to continue on in his term and John went through all his updates expediently and without incident.

David:

And the weather was safe and good.

Suzanne:

And the weather was safe and good, but there was an accident with a big truck on I 95 so a few of us got there five minutes after start time, but once we got through that mess, we were in good shape.

David:

Good. All right. Thank you for that report. Any questions or comments? All right. Then we'll move into updates. Larry, what do you have for us besides [crosstalk 00:58:43].

Naomi:

This is where I leave, right?

David:

I'm sorry?

Larry:

You don't need to leave just yet, Naomi.

Naomi:

Oh, okay.

Larry:

We are going to go into executive session at the end of my comments to discuss financial strategy, and that will be where you would depart.

Naomi:

Okay, thank you.

Larry:

So this month, I'd like to take a few minutes to highlight some points from this month's board report. First of all, I outlined my five personal strategic priorities for fiscal year 22/23 that track with, quite frankly, my fiscal 21/22 priorities, both of which align with our 2020, 2025 strategic plan. So my core priorities over the next two fiscal years will be shoring up the core business, the utility, and make sure that it is operating correctly, that we're putting in the appropriate investments and maintenance as well as in capital improvements. Secondly is growing and diversifying our commercial business revenues. Thirdly, pursuing acquisitions and partnerships as one way to expand our commercial business. Fourthly, advance our workforce inclusion and employee engagement initiatives, and finally, continue to work on developing the leadership team for greater efficacy.

Larry:

Next, I reported on the successful June 30th closing on the asset purchase of Roach Plumbing. That first commercial acquisition sets the foundation for our commercial business expansion across our four strategic growth pillars in the commercial business space, which is water quality testing, well services, filtration and expanding the pipe safe product line. And lastly, I provided a brief on our continuing efforts concerning infrastructure, legislation, and funding. So first, to ensure that the RWA is able to take advantage of the proposed legislation for funding its water infrastructure projects. We worked with [Bond 01:01:12] Council to recommend revised language in the legislation that specifically eliminates language related to waste water and make sure that it was specific to water supply. And without emission, the proposed definition of municipality would be sufficient to allow the RWA to be eligible for funding under the proposed legislation. And I also had a call with Congresswoman Rosa Delores' staff to discuss the necessity for ensuring the language was correct.

Larry:

Secondly, I reported that I wrote personalized letters to municipal CEOs in our water district asking that they allocate a portion of the Federal funds that their town receives from the American Rescue Plan to water infrastructure projects, and those letters detailed specific RWA projects in the town or those that benefit the system in general and the related costs and how that would benefit from the [ARPA 01:02:25] funding and therefore benefit our customers through reducing our financing costs. And I reported on our planning to meet with the mayor of New Haven and key members of his administration to further discuss our proposal we submitted to the city controller's office about tapping the ARPA funding for RWA infrastructure projects. So those are the key points from this month's board letter, and be glad to take any questions.

Larry:

Okay. Well with that, we'll go to discussing financial strategy and I'd like to suggest we go into executive session for that. We can't hear you.

David:

Naomi, thank you very much.

Naomi:

Thank you.

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Larry:

Thanks, Naomi.

Naomi:

Okay, see you later.

David:

Okay. Take care. All right, Larry. Thank you. Who would like to move that we go into executive session to discuss financial strategy?

Tony:

So moved.

David:

Is there a second?

Catherine:

I'll second.

David:

All right. All those in favor, signify by saying, aye.

Group:

Aye.

David:

I heard all four voices. Thank you. So we are now in executive session.

**[EXECUTIVE SESSION FROM 1:32 P.M. TO 3:00 P.M.]**

So we are... Thank you, Jennifer. We are on item G one, consider an act on resolution to approve proposed issuance of water system revenue bonds. And we can do that in conjunction with two, which is consider an act and resolution to approve issuance rate test application, and submit to the representative policy board. What's your pleasure folks?

Tony:

I think I'd rather take them one at a time.

David:

All right. Well then we'll take item one, consider an act on a resolution to approve the proposed issuance of water system revenue bonds.

Tony:

So moved.

David:

Is there a second?

Catherine:

Second.

David:

By Catherine, thank you. Thank you, Tony and Catherine. Is there discussion on this? Further discussion. Seeing none and sensing you are ready to vote, all those in favor, signify by saying aye.

Tony:

Aye.

Catherine:

Aye.

David:

I heard all four-

Suzanne:

I would say aye, but I would say something for the record about why the board supports this, just for the record.

David:

Okay. Do you want to make a comment or do you want [inaudible 01:05:00]?

Suzanne:

No. Yeah. I don't think I'm the perfect person for that, but when we vote on doing something of this significance, I hate for there to be nothing in the record about the board's comments related to this.

David:

Our last hour of comments has been dealing with strategies and other things so they've been in private. So I would say that my reason for supporting this and my hope that the board would support this is that we want to continue keeping our system in good condition and good working order, and we want to keep up our responsibilities of making sure that we are providing water in a safe and reliable manner to our 116,000 constituents that are our water users. I think is important. Part of this is that we have the capital budget and this is for an 18-month period, \$51 million. It will be supplemented by significant funds of cash availability because we are putting in our budget depreciation, which allows us to have seven and a half million dollars in cash available per fiscal year, but it also gets supplemented as a reality at the end of the year when we distribute our funds, our surplus, if you will. We continue to add more to the construction.



David:

So our budget of about \$40 million per year is able to be funded with a \$51 million for a year and a half bonds, and the necessity of this is again to keep our system in good working order. We did put stress on our system over the last year, in this current year, calendar year that we're in because we did have to cut back on our capital. And then just due to COVID, we decided not to go out for a rate case and that meant we were relying on cash only and our capital budget was half what it was projected to be. And this will put us back on track in order to keep us in good condition, the excellent shape that we expect our system to be run and provide the water safely and reliably.

Suzanne:

Right. Thank you, David.

David:

Other comments or questions that may correct what I said was wrong or [inaudible 01:07:11]?

Catherine:

I concur with what you said, David. I think the infrastructure is critical.

David:

Yep. All right. Sensing you are ready to vote now, you're all on one page, I can see all the members. All those in favor, signify by saying aye.

Catherine:

Aye.

David:

All those opposed, all those abstaining. Thank you so much. The second item within this area is consider an act on resolution to approve issuance test rate application, and submit to the representative policy board. What's your pleasure, folks?

Tony:

So moved.

David:

Tony seconded by?

Catherine:

I'll second it.

David:

Seconded by Catherine. Thank you. This is the mechanism by which we will be allowed to go out and issue those bonds. We cannot do that unless we show that the funds are available and the rate case is to request the 6.4% overall rate increase. And that will allow us to issue this \$51 million in bonds and cover our O&M expenses as well as the pilot expenses and others. And we've gone through a long list, and will

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in the application, it is in here, some of the mitigation factors and in the presentation of the application which we just received will be a version that will be given to the RPB as well at the public area which they expect to hold in September on this.

Suzanne:

Right, and allows us to provide transparency to the RPB for the basis of our rates and our issuing of bonds.

David:

Thank you. Further questions or comments. Seeing none and sensing you're ready to vote on this, all those in favor, signify by saying aye.

Suzanne:

Aye.

David:

I heard all four ayes on that so that was unanimous, thank you so much. All right. The next item... Why don't we take a 12-minute break? Is that all right?

David:

Thank you, Jennifer. All right, Catherine's back and Suzanne hopefully will be back shortly so we can start. I see Larry. Let me change my view so I can see you all. Oh, there we go, so we're all back now then. Okay. All right. So we're back as the authority and I would accept the motion to recess as the authority and meet as at Compensation Committee.

Tony:

So moved.

Catherine:

Second.

David:

All right. All those in favor, signify by saying aye.

Group:

Aye.

David:

Passes unanimously. All right, Tony. It's all your meeting.

**[COMPENSATION COMMITTEE MEETS AT 3:10 P.M. TO 4:50 P.M.]**

Tony:

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Opposed? Motion carries. We are now back to the RWA and to you David.

David:

Thank you, sir. We are on the last item on the agenda. Act on matters arising from committee. And we had a [inaudible 01:47:58] in the Pension and Benefit Committee amended the changes to the investment policy. Suzanne, what's your pleasure?

Suzanne:

My pleasure is to entertain a motion to approve the changes to the pension and benefit committee charter as presented earlier in the board meeting.

David:

It's not the charter, that's your own, it's the investment changes, the '23 to '25.

Suzanne:

Oh, sorry. Yes.

David:

All right, there's motion for those changes?

Suzanne:

Yes.

Catherine:

Second.

David:

Second? Thank you. Any further discussion from what we had in the committee? All right, and that was in public session so we have something on the record. All right, all those in favor signify by saying aye.

Group:

Aye. [crosstalk 01:48:47].

David:

[inaudible 01:48:48] unanimous of those four of us here. We will now move on to items arising from the compensation committee.

Tony:

No, how about the authority rules and regulations? Do we have to act on that?

David:

We did that as the full authority.

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Tony:

Okay, fine. Thank you. Sorry.

David:

That's okay. Keep me honest. Compensation Committee, Mr. DiSalvo, do you have motion that you would like to [crosstalk 01:49:15].

Tony:

I move that we approve the compensation data for the officer's salaries and for the CEO. As we present it, and we can outline that for Jennifer.

David:

There's a motion and a second, is there any further discussion? I'm supporting this because it's a recognition that the senior executive team, led by Larry, are deserving of increases commensurate with the success the authority has had so far in getting through the pandemic, in the continuation of providing safe, clean, reliable, drinking water, and our financials that have been solid, and just the excellent service that we have been able to provide our stakeholders throughout the pandemic and the last year or two.

Larry:

Thank you.

David:

Further discussion?

Tony:

No.

Catherine:

I agree.

David:

Thank you. [inaudible 01:50:26] vote, all those in favor signify by saying aye.

Group:

Aye. [crosstalk 01:50:30].

David:

Passes unanimous. Is there any other business that I'm unaware of that needs to come before us? All right, then I will accept a motion to adjourn folks.

Suzanne:

6:30, right?

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David:

6:30, yes. That was unanimous. [crosstalk 01:50:48]. I got to run now from my office.

**[AUTHORITY MEETING ADJOURNS AT 4:55 P.M.]**