

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

**Monday, December 13, 2021 at 5:00 p.m.
Meeting Transcription**

Tim:

Okay. We're at 5:01. Welcome all to the Representative Policy Board Finance Committee Meeting of the date. Which today is December 13th, 2021. We'll start off with our safety moment. Which is all about winter and we're all about warmth, but it will eventually become winter.

Tim:

It points out an important few things we can do. Say anything... Staying inside. Just do our best and not slip and fall and serve and everything. No salts in the storm drains and whatever we can do. So anyway, moving beyond that, I will look for an approval of the minutes of November 8th, 2021.

Charles:

I'll move.

Jamie:

So moved.

Tom:

So moved.

Charles:

Second.

Tim:

We have a... Thank you so much. Michelle, did you move it or second it? I didn't get-

Jennifer:

It was Jamie.

Tim:

It was Jamie. It was Jamie.

Tim:

So Jamie moved it. Okay. That's what I wasn't clear on. Thank you so much. If you females could change your voices so they're more distinguished. Okay. Fine. So we have a motion. Any discussion on the minutes? No discussion. I guess they're perfect, once again. All those in favor.

Group:

Aye.

Tim:

Readings of the meetings pass. They move along to history. They are now recordable. We now are going to get onto our built consumption update. Rochelle you've brought us very enlightening, no doubt, incredibly colorful production. So let's get started this.

Rochelle:

Okay. And I'm just going to give a little bit of background before we get going. And I think this presentation was a result of a question at a RPB meeting. Whether or not we had production by customer class and we don't have production, but we do have bill consumption.

Rochelle:

I do want to just mention though, you may recall, when we've done budget presentations that we do use [inaudible 00:17:09] as our sort of basis for determining what a year-over-year decline is. And there is some history and background to that.

Rochelle:

On the bill consumption side, it is impacted by the past. Historically, it was impacted by things like large number of implausibles or outsorts that could really throw off what the true billing should be within a particular period. So we have historically used production.

Rochelle:

I think one of the things that we'll be looking at with the conversion to monthly billing. Now, the monthly billing. And now that implausibles and outsorts are at a much lower level. We will look at if it does make sense to use build consumption as opposed to production to get that trend line.

Rochelle:

But I do want to provide some context to that. And also just to mention whether we use production or whether we use bill consumption. Each year, you're going to be above or below the trend line. It could be for various reasons. COVID 19, which I'm going to talk to in a little more detail, is definitely an anomaly year. But also just weather does have an impact.

Rochelle:

So what you're looking at, that Jennifer is showing, is actually fiscal 18, 19, 20, 21, and the partial year for 22. One of the things that I want to mention about the partial year of 22. When you compare it just visually to fiscal 21, it looks like we may be on the same track if you just assume six months.

Rochelle:

But when you look at the details and compare the first six months of 21 to the first six months of 22, we're definitely down. Which you would actually expect from where we were last year for the first six months. A couple other things, to this high level, before we get into some more of the detail.

Rochelle:

If you actually did the math between like fiscal 19 versus fiscal 18, it's about a 2% decline. Fiscal 19 and 20 look about comparable. So they were sort of flat, even though we had that 2% decline. So other than fiscal 21, I would say, not significantly different than the 1% year-over-year decline.

Rochelle:

Do you want to go to the next page? And I'm not sure Jennifer, where you put our new slide. If you go to this third page. So this is by customer class. And what I think really stands out is the impact that the residential class had on our fiscal 2021.

Rochelle:

So you can see a couple things. One residential was up considerably in fiscal 21, and it roughly represents about a 9% increase from 20 to 21. You could also see that [inaudible 00:20:42] our predominant class is residential.

Rochelle:

And that's really a key driver. At a total level, between fiscal 20 and 21, we were up about 3% as opposed to down 1% and that's total fiscal year. But residential was a key driver. You could see commercial was under prior years, which is again what you would expect due to COVID.

Rochelle:

So I think this chart is pretty eye opening. I thought as far as what the drivers really are by class. I will mention that we do look at this every month. We look at what the bill assumption is by class.

Rochelle:

We also look at what the bill consumption is by meter size which crosses classes. To get what drivers are that are causing the trend that we see in bill consumption. Then I think you're aware that we take our bill consumption and then we convert it for our maintenance test and projections for the end of the year. We convert it into what it means from a cash receipt perspective.

Tim:

Rochelle, may I just ask a quick question?

Rochelle:

Sure.

Tim:

Based on the breakdown between [inaudible 00:22:07] et cetera. Is someone like Yale, who's the biggest consumer, in the commercial class?

Rochelle:

No, actually-

Tim:

Or in the public authority class?

Rochelle:

Actually Yale is a bit of an anomaly. Unfortunately it's not all in the same class because the way it breaks up, which is I know confusing, they have certain facilities that are actually residential, like a dormitory. And they have certain other ones that are in some of the other classes.

Tim:

Gotcha.

Rochelle:

So they do cross classes. We do look at Yale as part of our top 10. And we do look at what Yale's consumption is like year-over-year, but they definitely cross classes.

Tim:

I understand. Thank you. I wouldn't have understood unless I asked that question. Thank you for that.

Rochelle:

Any other questions on this particular slide?

Catherine:

Rochelle? Just to clarify, a large apartment building is not commercial, it's residential?

Rochelle:

Yes. Generally speaking, yes. There is always some anomalies even within the class, but generally speaking assets, residential. Because there's multi within residential. This is at the... We do break out multi from a customer class perspective from single family residential. And there's different rules that apply when it comes to shuts. For example, if you're in a multifamily versus a single family. But what you're looking at here is all residential.

Catherine:

Thank you.

Mario:

So Rochelle, the... Because that threw me with the chairman's question there. The Yale and Southern and UNH and got Quinnipiac. I mean, we've got a number of universities. So all their dorms are in residential?

Rochelle:

I believe so. I wouldn't say a hundred percent definitively. If they're all exactly set up that way, but generally speaking. Yes.

Mario:

So has there been any thought that they should be in commercial or is this for PURA?

Rochelle:

This isn't from PURA, but they would fall under a multi residential class. And multi is like a subclass within residential.

Mario:

How about like a hotel?

Rochelle:

Hotel? I would think would be a commercial.

Mario:

Yeah. I'd almost put a dorm in that same kind of category, but that's interesting. Because as you look at different opportunities to look at rates and the costs in the future, that could make a difference.

Rochelle:

So a couple of things to think about there. So our current rates are by meter size, which crosses class. You may be thinking about... I know we've had some discussions about like a lifeline rate and I think, at least the current thinking, would be that would be something where it would be applicable to a single family residential as opposed to a multifamily residential.

Mario:

Okay. I'm not familiar with the lifeline rate discussion, but-

Rochelle:

Yeah. That was something where you said, maybe there should be that lower rate for that. Like your first sum number of CCFs.

Mario:

Okay. Yep.

Rochelle:

But it's definitely, should we change our rate structure? We definitely would have to take into consideration what you're talking about and how the customers are classified to make sure that we're looking at it appropriately. So right now the five ACE residential is paying the same rate as a commercial five ACE.

Mario:

And the Whalley correctional facility would be public authority. Because that's state-owned.

Rochelle:

I would think so. Yes.

Mario:

Okay.

Rochelle:

And we do have other ways to look at some of the customers, Mario, you mentioned. They are on our top 10. So we do look at their consumption regardless of class to see what's happening with them.

Mario:

Sorry. Didn't mean to interrupt. It's Tim's fault.

Tim:

Okay. Was obviously a good question.

Mario:

Obviously.

Rochelle:

Yeah. Looking at the data, you could see, even if you go to the next slide or I think Jennifer, it was the second slide. You could even see just some fluctuations, like month-over-month. Keeping in mind this pattern is going to change with monthly billing.

Rochelle:

Because now, even the summer months are spread over a number of months. So the patterns should actually change when most of August, let's say it's bill in August. As opposed to some of it being billed in September, October timeframe. So we are expecting some of the patterns to change. Are there any other questions?

Mario:

Okay. It's great data. And I'm sure that it'll get better as we continue to collect the information through SAP or whatever its next generation becomes.

Rochelle:

And like I said, I think, with a monthly billing, we'll be able to also compare the bill with monthly consumption more closely with production. So that'll be [crosstalk 00:28:39]

Tim:

Good. Thank you. Thank you, Rochelle. That more or less the end of this?

Rochelle:

Yeah. Unless you had any particular questions. I think I pretty much just wanted to share the information.

Tim:

I guess I just had one sort of holistic question about the COVID situation. It almost seems like consumption across the class was down. Did I misinterpret that when I looked at the inserted slide? The one that was not part of your original conversation? Where you broke it down?

Rochelle:

No. If you go to the very first, if Jennifer, you can go back to the very first slide. The reddish bar is 2021 and it was actually it's 18.5, which is considerably higher than fiscal 20. It's about 3% higher in total.

Tim:

So that was total. And the increase-

Rochelle:

Increase was by class.

Tim:

Right. And that was total by class. And basically, you said, and it looks as though residential made a big piece of that.

Rochelle:

Residential percent-

Tim:

But I'm just looking at the breakdown where you look at the public authority. Well, I guess that one is higher. The bars are getting lower. So it's harder for me to see them. Maybe that's the issue.

Rochelle:

I think public authority is like... Even industrial to a fair degree is relatively small. So it doesn't really change it. I think here shows it. So what you would expect commercial was negatively impacted by COVID. Industrial wasn't so much public authority. Tim, to your point is a little bit impacted, but the big driver is residential. Because residential by far has the most impact on our overall.

Tim:

Right. Okay.

Mario:

A quick question, Rochelle, if... Because this is on our agenda as an informational item Thursday night. So if consumer affairs is interested in the presentation, would you be willing to do that for them?

Rochelle:

Sure.

Mario:

Okay.

Tim:

Yeah. It's pretty succinct, quick and understandable too. When you see it this way. This is a great presentation. Very much appreciated. Okay. So if there's no further questions, we'll move along to number four, which is the confirmation of the proposal date special meeting for FY 2023 budget review, which we're slated for Wednesday, April 20th of 2022, which will get here faster than we know. And that would be at five o'clock. Just to be noted, when we normally meet on a Monday... And so we'll be sort of last to know if that's an issue [inaudible 00:31:55] cares about. Yeah. The consumer affairs, I think, is hearing this on the Monday. Is that what was happening? We made this accommodation because of a new meeting schedule?

Jennifer:

Yeah. They have a regular meeting. They're regular meeting that Monday.

Tim:

Right, right. Which is fine.

Mario:

Tim, anyone can attend either meeting.

Tim:

That's of course the case. And the good news too, is that it's long enough out. We can all schedule it and be ready for it. And if there are any issues, this would be the time to mention it. If you're even that advanced in your schedule.

Rochelle:

So- [crosstalk 00:32:36].

Tim:

I guess I'm not hearing a whole plethora of count of negatives on this. So I guess we could set that date. Is that correct?

Tom:

Yeah.

Tim:

Okay. Good, good. Excellent. So we're now following up with the quarterly report on our PB approved projects.

Rochelle:

Yes. And I'm not going to read through all the details. I just want to highlight a few things. So the Derby tank, unfortunately, has stalled during the quarter. At this point, the city of Derby has requested a release of use from Connecticut DEEP.

Rochelle:

That's necessary in order to execute the tank site lease with our WA. And at this point, the city has recently increased their efforts to obtain the release. So what it means, I'll just share the financial slant on this is we will be looking at what we assume to be spent on the Derby tank for fiscal 22 and reassessing that. Given this delay, at this point, we do believe that the city will be successful. I also will mention that the Derby tank is a DWSRF project. If there's no-

Tim:

Is this something Rochelle that they were just slow to the trigger on? Or some of those legal actions that have already made this thing a bit of a mess on all that early effort? What's the story here?

Jamie:

From what I understand. And others are more familiar than myself. I think this came up after the other litigation was resolved in our favor. And it was realized that there needs to be a release from Connecticut DEEP. But, confirm that.

Tim:

And that's a whole set of hearings and relations efforts?

Jamie:

I don't think it's a set of hearings. I think it's the city working with Connecticut DEEP to get that release.

Tim:

And they have four people working for them. Okay.

Rochelle:

On the RTU upgrades, this is another DWSRF project. At this point, there were 19 sites that were transitioned during second quarter. There's four remaining sites, but this project has been impacted at this point to minor recent delay due to supply chain. So the project is now expected to complete in January of 2022.

Rochelle:

The North Sleeping Giant Well Field Facilities Improvement. This project is virtually done. They're just working through some final punch list for the project. So it's anticipated complete date is December of 2021.

Rochelle:

The West River Water Treatment Plan Improvement Project. Jennifer that's on the next page. This was, I think, the most recently approved RPB project. It took one of our larger projects. Connecticut DPH did give the authorization to award the contract to Associated Construction Company. So the contract has

been signed. This project is progressing and this is also a DWSRF project. And that's all I have unless there's questions.

Tim:

Any questions?

Tom:

If I could, on that Derby tank, this has been on the board for years. Frankly, I'm surprised that this release has not been pursued. I hope that it's pursued aggressively in that we have some contact with the Department of Environmental Protection. I just think that's an assurance we should have.

Tim:

Good point Tom.

Tom:

Well, it's a critical infrastructure.

Tim:

Yeah. [crosstalk 00:36:58]

Tom:

We know that... Hospital in terms of what oppression and there's really no excuse for it.

Jamie:

Are you suggesting that the RWA submits some kind of letter or contact DEEP directly on behalf of this project as well?

Tom:

Whatever would work.

Rochelle:

Yeah. I can follow up. I would think that we have also been in contact, but I'll confirm that.

Tom:

Thank you.

Jamie:

Who's the law firm, do we know, that supports the city of Derby?

Tom:

For the city of Derby?

Rochelle:

Yes.

Tom:

Oh, that's been Marino. Isn't he? Doesn't he-

Rochelle:

Yes.

Jamie:

Okay.

Vincent:

My partner Dennis Kokenos is handling that. I recused myself from it.

Rochelle:

Yeah. And Murtha is our attorney.

Jamie:

Okay. Thank you.

Vincent:

I got grieved once over it.

Tim:

Okay. It looks like we're back to Hollywood Squares. Any new business? I'm not presenting any-

Jay:

Hey Tim. This is Jay. Tim.

Tim:

Jay.

Jay:

This is Jay. It's not new business, but I just thought as this progressed, perhaps it would be of assistance to the board. To have a listing of the classes that are under the costs for supply in order.

Tim:

... Production.

Jay:

Yeah. Production.

Tim:

When you say a listing, are you talking about-

Jay:

Well, we have business-

Charles:

... Assignments of the customers. You mean that kind of a listing or just the breakdown?

Jay:

Like business, residential and et cetera. I'm sure they have something like that available.

Rochelle:

Yeah. And Jay, if the high level, it's what was on the customer class: residential, commercial, industrial public authority, seasonal and wholesale. There are some subsets within those residential, multi versus, [inaudible 00:39:36]. Is that what you're looking for?

Jay:

Yes. Yeah. Just a run down as to what you'd fall back on to place them into that category.

Rochelle:

Oh, the definition.

Jay:

I think it would be helpful when I'm talking to businesses and, and other people, it would almost tell me ahead of time. What classification they're in with the company for their water charges. Yeah.

Rochelle:

Okay. And again, it's-

Jay:

It's just a suggestion.

Rochelle:

Yep. We can get... I'll have to look into the definitions that we use. Just to mention though, the billing rate, the prices right now were not by customer class. It's by meter size. I know what utilities do use customer class differentials.

Jay:

Yeah. That would be fine. Yeah. I don't think we need the pricing right away rather than classifications. Because I think that's where the questions were being asked.

Rochelle:

Oh, okay. Okay.

Jay:

But yeah. And there's no time on it. So whatever's convenient for you in your department.

Rochelle:

Okay. Thank you.

Tim:

Thank you, Jay. Anything else guys, before we call for adjournment? Okay. I guess I'll just remind everybody that our next meeting is January 10th. I know most of us will meet again on Thursday, but in case some are not in attendance. I wish everybody a Merry Christmas. We've already passed on Hanukkah, it turns out. Happy New Year. Otherwise, I'll be seeing you all on Thursday.

Tom:

Thanks very much, Tim.

Mario:

Thank you, sir.

Tim:

Thank you. Motion to adjourn.

Tom:

So moved.

Jamie:

Second.

Tim:

All in favor. Goodnight.