

**Representative Policy Board
Executive Committee
South Central Connecticut Regional Water District**

Meeting Transcription

March 16, 2022 at 5:00 p.m.

Okay. This is Wednesday, March 16th at 5:14 PM. Welcome to Teams and a special meeting of the executive committee of the RPB. First item, safety moment. Good food. We all want to get into eating good foods and drinking lots of water, especially tap water. Please read through this and do your exercise, but it's a combination of what you eat and drink and how you exercise that makes you ready for the beach this summer.

Stephen:

Olive oil.

Mario:

And olive oil. Drink lots of olive oil, and smearing it on your body doesn't work anymore for sunbathing. Item two: approval of the minutes. Minutes from September 22nd. Anyone want to make a motion?

Stephen:

I'll move them.

Mario:

Thank you, Steve. Second?

Charles:

I'll second it. Charles.

Mario:

Thank you, Charles. Any additions, corrections, amendments for the minutes? Thank you for being copious with your notes, Jennifer. I appreciate that.

Jennifer:

No problem.

Mario:

All those in favor.

Group:

Aye.

Mario:

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Anyone opposed? Anyone abstaining? Okay. Jay, welcome. You are in the meeting. You're muted, but you're in the meeting.

Bob:

So Mario, what do you want to share under the update of the hybrid meetings?

Mario:

Prem is still selecting a vendor. He's got it narrowed down to three. He hasn't selected the vendor. He's going to do that. Placed the order. He found the monies, but it still looks like June before he is going to have all the equipment in place.

Mario:

I was going to poll you all to see how you felt about going back to in-person, the majority of us in-person in April for our meetings.

Mario:

The existing system that is in the Welch room, Prem has used it for a hybrid meeting. The audio is not great, but he has gotten through it. I would suggest that if we go live, meet in the Welch room, use the existing system until he gets a better system. Then we'll be able to, if someone can't come into the meeting or is concerned because of their health, that they don't want to be in the room, they would be able to dial in. Anyone who speaks softly would have to sit closer to the microphone. And we just do that for a couple of months until he gets his pieces together and delivered and installed.

Mario:

I'm not sure why it's taking so long. The quotes he got originally were very high, which is why he went out for additional quotes. Everyone feel that ...

Mark:

What's the quote again for? I missed what the quotes were for. For the hybrid.

Mario:

For making the Welch room more hybrid-friendly.

Mark:

Okay.

Tim:

So is it currently like a bunker? Is it just a reception issue, Mario?

Mario:

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The existing system, which was state-of-the-art when it was installed however many years ago, is not as ... It's got two microphones as a limit, which is a problem with the room filled. I've asked him if he can distribute the microphones to either end of the table, essentially, but he does only have the two ports. And our viewing, I believe would be projected on the screen.

Tim:

So when is it fair, Mario, to ask when irrational fear is no longer appropriate?

Mario:

I'm sorry.

Tim:

At some point we have to drive in a car to go somewhere. I'm not trying to pick on anyone's sensibilities. However, at some point we just have to do this. It's cut bait or cut fish or whatever they say.

Charles:

Mario-

Tim:

And I think we have to be responsible still.

Charles:

Mario, if he hasn't ordered that equipment at this point in time, he's being very optimistic that that's going to be delivered, installed, and tested by June. So I tend to agree with Tim that at some point we just got to do it. And if some people aren't comfortable then we're going to have to plan to work around for those individuals. But if we keep waiting and they haven't even ordered the equipment at this point in time, I think we just got to move on and hopefully someday they'll have the equipment up to speed. But it's not even going to be June if they haven't ordered it yet, from the experience I've seen.

Mario:

Yeah. No, he's getting eight to 12 weeks.

Stephen:

Okay. Mario, this is Steve.

Charles:

But the installation, the testing takes ... It doesn't happen overnight.

Mario:

Right. Understand. Yes, Steve.

Stephen:

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The decision to do it is really based on what's happening rather than whether you feel you wanted to do this or not. I'd be more comfortable with waiting till May just to see what's happening with things opening up and whether the transmission rate stays down. We're doing pretty well in this state, but people are just starting to get back to normal.

Mario:

Okay.

Jay:

Hey folks, I'm sorry to interrupt, but I am on the phone with you now.

Mario:

Yes. Can you hear us okay?

Jay:

Yes. Very well. Yes.

Mario:

Okay. Excellent. And there's no feedback, so thank you, Jay.

Mario:

Okay. Any other comments?

Peter:

Let's go back to the room guys and lady. Come on. Miss all of you.

Mario:

All right. Well, I know committee meetings we can spread out in that room pretty far. So that shouldn't be ... if we're concerned about separation distance.

Charles:

What is the Authority doing, Mario?

Mario:

I believe they're meeting in person this end of the month.

Charles:

Next week.

Mario:

Is that correct, Jennifer?

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Jennifer:

Yes, March 31st.

Mario:

They're meeting the 31st. Tony DiSalvo is not able to attend. And so they ended up with just three of them because Kevin's on his annual deployment. So they pushed it back a week to the 31st. Is that right, Jennifer?

Jennifer:

Yes, that's correct.

Stephen:

Mario, that meeting's going to ... So our RPB meeting is pushed to the 31st?

Mario:

No, our RPB meeting will be the 24th, just as regularly scheduled. I didn't want to mess up everybody's schedule to try and get us ... So that's why in the email I sent out over the weekend, I said we would get a shortened report from them.

Stephen:

Oh, okay. Actually, would've worked out for me if we pushed it off a week, but I just want to understand. That's okay.

Mario:

Yep. Oh, no problem. No problem. All right. So we have a consensus. Next month. We have one May, we have two April.

Peter:

I'll go with April.

Mario:

Another April.

Tim:

I'm April if I didn't state it. April is fine for me.

Bob:

Yeah. April's fine for me, but it's okay.

Mario:

Okay.

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Bob:

Yeah, if you want to hold off, I understand.

Jay:

On the Finance Committee, I'm due for May.

Mario:

No, no. To whether we meet in person starting in April or in May.

Jay:

Okay. Do we have a choice?

Mario:

I'm trying to get a consensus. And we would have some sort of a hybrid.

Jay:

Yeah. Both dates are good for me.

Mario:

Okay.

Stephen:

Mario, I'm okay with either one, but I would want to just talk to Prem to see what he wants to do.

Mario:

Yeah. I sent him a note. I haven't gotten it back, but I know he used the existing system before for a meeting. And like Charles said, we aren't going to get the equipment anytime soon. June is probably a pipe dream.

Stephen:

There's two meetings. There's a Consumer Affairs. And if he has no objection and everybody wants to do it, I don't mind doing it in April, going back to a live meeting, but I'd want to talk to him about that. I guess everybody decided that the RPB meeting in April was going to be a live meeting, seems to be the consensus.

Mario:

That's what it seems like. But I think we would have some sort of a hybrid.

Stephen:

Okay.

Mario:

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At least a hybrid option. I'll work that out with Prem as far as making sure he's got the hybrid. Jennifer, remind me.

Mario:

Okay. Capital project hearings. There was a list that was sent out to everyone. We've got a bunch of projects coming up. I did, just so you're aware, and I was a little surprised with the water treatment plant valve replacement program. That will be part of Lake Gaillard. And I was a little surprised in the last public hearing we had that they keep wanting to have these separate projects all on the same site, but I'll speak with Sunny at some point in time and talk about that once he gets up to speed. But I know it's difficult to manage two different contractors. And now it looks like a third contractor on the same site, and a treatment plant site at that, while you're still trying to treat water. Rather than having one general contractor overseeing all the subs.

Mario:

But the CIS implementation I'm not sure they're ready for, although they're showing it coming up soon. And Lake Whitney dam, I did speak with Ted on that project. He had a couple of questions. I think he called Jeff and spoke with Jeff. And then he was putting together a memo to cover his discussion with me. I think on Lake Whitney dam, they may come in. And I'm not positive. It's up to them to decide. They may come in with an application for the design aspect and some preliminary testing that's involved, because they need to test a couple of different options, and then come in with an application for the construction piece. Because right now they still need to get more information on how it's going to be built before they can really do a good cost estimate. When you're trying to save a historic dam, it becomes a little bit trickier methodology. So those are the big ones that are hot.

Mark:

Excuse me, Mario, is that going to affect getting money from this pandemic stuff? The new build better.

Mark:

Is that going to affect the government money by waiting this long? Or can we put estimates in and go for the money, or do we have to have the plans first?

Mario:

So the infrastructure investment money?

Mark:

Yeah.

Mario:

The big money, which is what we would qualify under, the EPA just last week. Yeah. Last week issued their guidance to the states. So now the states have a number of items to take care of to set up their programs.

Mark:

Okay.

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Mario:

And that's a five year infrastructure bill, so I don't think that's going to affect us.

Mark:

Good. Okay.

Mario:

I don't think it'll affect us detrimentally. What is interesting that's not on this list is, and I know you've heard them speak to the lead and copper rule and lead service lines and replacements. And that's potentially a very expensive item. The infrastructure bill has specific funding for lead service line replacements.

Mark:

Good.

Mario:

And also the study work that has to be done can be covered by those funding. So yeah. I don't think we're in a bad place. Mark. I think we're in a pretty good place for that.

Mark:

Good, good, good.

Tim:

Mario, just a quick question. And not to go too far off field, but you mentioned trying to preserve a historic dam. I didn't want to confuse or conflate that with trying to preserve a historic house. We're not trying to reuse bricks and mortar. We're just basically trying to put a dam where the other one was, or what's the deal here?

Mark:

I think it's to repair.

Mario:

If you're familiar with the Lake Whitney dam, it's an old stone-

Tim:

I am.

Mario:

... face.

Tim:

Looking at it, yes.

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Mario:

So if I remember right it's on the historic register.

Tim:

Okay.

Mario:

If it's not, we'd probably get a lot of feedback for trying to tear it down.

Tim:

Really? That's fascinating to me.

Mario:

But I think-

Tim:

I guess ...

Mario:

It has always been the intent to save the stone face.

Tim:

Okay.

Mario:

And really to design a dam that would go ...

Tim:

Behind it.

Mark:

Behind it.

Mario:

... behind it essentially. That would be a structural dam.

Tim:

Okay, I guess so. So basically a veneer could be preserved to satisfy. Okay. I get that. It's kind of ridiculous, but I ... And I'm a history buff, but whatever. You don't want a dam to break, you don't want it to fail. Okay. That's why Yale built a new boathouse. So at any rate, thank you.

Stephen:

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Mario, this is Steve. I would think what it looks like is dependent upon what structurally is required to repair that and upgrade that dam.

Mario:

That is correct.

Stephen:

And it's a costly project to begin with. So I don't know about cosmetics here, but I would think that the functional is the priority.

Mario:

It is.

Tim:

Lord would hope.

Mario:

No, absolutely functional is the priority, but you have to take into account it's nature. But we don't have any details on that.

Tim:

Right. Of course. And it will obviously be on the same pond.

Mario:

Yes. Yes. And I think, Steve, you're the one who brought up the neighborhood raised questions at the Mill River annual meeting.

Stephen:

Yeah. And then did you all see the email on ... I got it from, oh God, what's her name? The new public person. She was [inaudible 00:26:01]. Drawing a blank.

Jennifer:

April Capone.

Stephen:

Yeah. Did you see April's email? It went out to Hamden, and I guess residents who expressed concern. And they're asking for input from local residents on what their concerns or questions are. But I don't know about getting people involved in this. It's basically a repair project. I don't know what the local residents could offer. I'll tell you, I was on the Whitney plant today, just taking a walk on that property, and all that money we spent there is just a pile of hay. The whole area is ... it's sort of a park now, but we put a lot of effort into all that landscaping, which is just nothing now.

Greg:

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I don't think you want to get into what we did when we put in the new filtration plant in. We got the public involved and it became very, very expensive.

Mario:

I understand.

Tim:

I think the only people to be considered are those downstream from the dam.

Mario:

Anyway, we probably will see an application for the design. So those are the items that are coming up. If you have thoughts on who should chair, once the applications get close, who should chair the meetings, let me know. The public hearing. So got a number of them coming.

Stephen:

Mario, this is Steve. I have a couple of questions on this chart here. The public hearings required. There's only one that isn't. And is that because it's below \$2 million?

Mario:

I am not sure, Steve. I didn't get any details.

Stephen:

I don't know what requires a public hearing, but there's only one that isn't. And it looks like a pretty aggressive list for the next couple of years. Since there's no numbers here, I'm assuming they all fit into the budget.

Mario:

Yes.

Stephen:

And what about the priority list below these projects? I'm sure there's more. Are there any things that could bubble up to this?

Mario:

What do you mean by bubble up?

Stephen:

Well become priorities because they're not functioning in some way.

Mario:

Oh, this is what their plan is for projects that would come to us. They may do temporary repairs on if a pump breaks they'd replace the pump in kind, I'm guessing. Rather than the full pump station upgrade and leave that in its schedule.

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Stephen:

Hmm. Okay.

Mario:

This isn't all the work that they're doing. These are just the ones that are big enough that would require an RPB.

Stephen:

Yeah.

Mark:

Application. Yeah.

Mario:

Yeah.

Stephen:

So I guess it's not about the money then. Then that northern service area improvements is probably more than two million.

Mario:

It should be more than two million. I'm not sure why he put a no there, I haven't gone back to him on that.

Stephen:

Okay. Just curious.

Mario:

But I'll ask the question.

Stephen:

Thank you.

Mario:

I was just trying to get a sense of, do we have many or are they going to bundle them together? And we only have one or two.

Stephen:

Yeah.

Mario:

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We have a couple of nominating committees that are coming up. The sooner one is in May. And that's appointing the officers of the RPB. I think most officers have ... you're all in the first year. I think I'm in my third year. So keep in mind if you're interested in serving on that nominating committee, let me know. I think we're limited to one person from the executive committee, or one of the current officers, if I read it right.

Mario:

Okay. Then we also, over the summer we're going to have the appointment for the regional water authority. I believe Kevin is the next member of the authority whose term is up. Correct, Jennifer?

Jennifer:

I believe he is. Yes.

Mario:

Okay. Because we just reappointed David. So Kevin's term will be up and we'll have to look at that and have a committee for that. So if you have interest in either/or let me know.

Tim:

Mario, how do the committees go? I think I'm in my third term as finance, for example. Is that after the officers of the RPB are selected? How does that come into play?

Mario:

So the committees typically will select their own chair.

Tim:

But they also come to a conclusion, right? After so many terms.

Mario:

There is a limit on committee chairs.

Jennifer:

It's four years.

Mario:

I believe it's, yeah, it's four.

Tim:

Oh, it's four. Oh, I see. Oh, okay. Fine.

Mario:

Yeah.

Greg:

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So you're safe for another year.

Tim:

Well, I guess I just wasn't sure. I didn't know how it all interplayed.

Mario:

Yeah. That was from a task committee a number of years ago that recommended the change so that there were term limits.

Stephen:

Mario, is it three years with one optional year, or is it four years?

Mario:

The committees?

Stephen:

Yeah.

Mario:

The committees I believe is four years straight up.

Stephen:

Okay.

Mario:

Correct, Jennifer? I don't have it in front of me. I don't-

Jennifer:

That's correct. The RPB chairman is three years with an additional year option.

Mario:

Option for fourth for the chair.

Jennifer:

Yes.

Mario:

And the other RPB members are three years.

Jennifer:

Yes.

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Jay:

Mario, I'm sorry. Mario, would the meetings be held at the headquarters as we've done in the past?

Mario:

Most likely.

Jay:

You can put me down for the RWA appoint committee.

Mario:

Okay. Yeah, we don't need to know right now because we won't be doing that for a couple of months, but just so you have it on your radar screen. Because it'll be pretty quick when the RPB reappointment committee comes up.

Jay:

Okay.

Mario:

All right.

Jay:

Thank you.

Mario:

Good. Anything else on nominating committees? And Jennifer maintains a list of all the people that have served over the past years on the committees and I've been going through it and try to mix it up a little bit. So you don't always have the same committee. And I think other people have done the same. All right.

Mario:

Onto the most important topic: metrics, information for commercial enterprises. So before we get going, I guess I threw a curve ball out there by suggesting that the whole RPB have information on our commercial enterprises. That rather than just the executive committee and whoever wants to show up, set it up to be part of the budget presentation, because I think the most important piece is if we have these commercial enterprises, what is the net effect at the end of the year that goes into the next year's budget? So it becomes part of really the budgeting process, whether they're successful, not successful.

Mario:

I don't want to get into particulars that would require us to go in an executive session because it's a special meeting. So I'll try to keep things at a high level. But I had been talking to David and Larry about getting quarterly updates, whether it's written update report or verbal, that would give us a sense of where we are with the commercial enterprises. And that was the reason I wanted to discuss this with the group. What information do you think is important that we get on a quarterly basis? Would you

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rather that we had a quarterly executive session at the RPB meetings once a quarter? Which is a different option. I don't know that we want to do that, but ...

Stephen:

Hey Mario, this is Steve. I agree. I think certainly as part of the yearly budgeting process. The quarterly reports are a good idea. I'm not sure that we can say what we want because it's going to depend on what's going on, what businesses they have and what they're doing. I would leave the content to the RWA.

Stephen:

And I think the high level report is fine. And if there's any issues that come up, even on a high level. If it seems sensitive competition wise we could do a short executive session for that purpose, or do it in either consumer affairs or the executive committee in a more detailed fashion, if it seemed that way. I think the whole RPB should have a general sense of what's going on.

Stephen:

I'm not interested in the details. It's just, even to say, it's the same as last quarter. We're on target for what we planned. That's fine. But there should be something. For instance, the first project that we started with, with the [crosstalk 00:37:04] or whatever. I haven't heard anything in a year on that.

Mario:

Yep. And I've primed them that they need to give a detailed update on that investment where it stands. There's some information that they don't want to do in public session because it deals with how they're managing that.

Stephen:

Sure, yeah. No, I understand that. They can decide the content as far as I'm concerned. Just let us know in general how things are going. That's it.

Mario:

Okay.

Stephen:

Right now we don't have a big program. We only have a couple of things going on.

Mario:

Right.

Stephen:

Other than the products that we did have, the pipe safe and those things.

Mario:

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Yeah. Pipe safe and the lab are currently really blended into the utility, so they're not really held into that separate commercial enterprises grouping.

Stephen:

Okay. So there is [crosstalk 00:38:14] yeah.

Mario:

Charles, you had a comment.

Charles:

Well, I was just going to agree with Steve that going into each one of these enterprises, if we're given a general outline or plan going forward and then reported on a regular basis, quarterly, semi-annual, whatever, whether or not things are going according to plan or not. I think that's probably Mark's point and Steve's point. We have not heard enough about where things are going. So I think we should be apprised of, are we going in the right direction or not? And do they have it under control? That's what it works down to.

Mario:

Okay. Others?

Greg:

[crosstalk 00:39:12] from the authorities.

Mario:

Oh, Greg.

Greg:

It's like they're hiding something. Nobody wants to be a bearer of bad news, but again, like Steve said, just apprise us. Is it going according to plan or not? Then we can take it from there.

Mario:

Okay.

Mark:

Like what they say, sales up and service up this much next. We expect the quarter to be that. Just a general report of how we're doing, that we're not losing our money.

Charles:

And if we are, do we have a way out?

Mark:

That's right. Yeah. You're putting the assets of the whole utility, or not utility, nonprofit company at risk by going into these competitive businesses. And I think that the board should know, I think quarterly, a

report. They did this for sales, this profit, or this profit we're up 10%, down this, whatever. And we expect to go, we had some employee ... A summary of what's going on. I think it's very important.

Mark:

We're not cheerleaders for the water company. We're representative of our towns and we have a big obligation to know what's going on and represent our towns in a way that we should be. It's a checks and balances. And we're one of the checks and one of the balances. So that's what I believe. And I think that, I hope after April, I spoke to Mario about this, that we come up with a plan of quarterly reports. I'd be very happy to see.

Tim:

Mario, just a quick question about ... We're how many months, are we into into this a year already with this endeavor with the well company? Is it quite that? Because any new enterprise, it's almost as if you almost have an expectation that they're going to be this big, huge money maker right away. You do want to have a diagnosis along the way. I'm not sure quarterly is a way to measure this accurately. Maybe a high level quarterly is one thing, but I'm comfortable semi-annually, particularly as a startup. I don't think we could really come to a fair conclusion on a quarterly basis that this thing is a mess. Maybe we could, but ...

Mark:

I'm not saying that. I just think we need a report and it's been long enough, but-

Tim:

High level, basically, Mark. Right? Basically that's what you're saying?

Mark:

Not a high level, but a report and it should get higher level as you go along. Just listen, the sales were this compared to sales of last year. We're doing better, blah, blah, blah, blah, blah. And I think you need it quarterly. I understand you're not going to be able to do anything it's like the first year, but we need some reports. It's not a secret. We obligation to our community, to our towns to protect the assets of the water company. And that's one of the things we have to do.

Tim:

No, I don't disagree. I just think that our expectations shouldn't be-

Mark:

Oh, I ...

Tim:

... elevated by a quarterly miss or hit or whatever. I think we have to have an outlook as well as a review.

Mark:

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That would be your conclusion to make. I think it's each individual's conclusion to make of how they're doing. But I'm not saying that I want to make a conclusion that you're not doing well. I just want to hear how we're doing. A report. That's all. I think it's an obligation they have to us and to the communities. That's all I'm going to say.

Peter:

Mario, they don't report at all to the finance board as of now?

Mario:

No.

Peter:

No, okay.

Tim:

No. There's no reporting to finance.

Peter:

All right. But now, don't we get audited yearly by-

Mario:

Yes.

Peter:

Yeah.

Tim:

And that's incorporated into their audit. So it's not a separate audit. It's all part of the audit that will be undertaken beginning very shortly, actually.

Peter:

Right. So, but I'm saying you guys would pick up on that, wouldn't you, if you've seen that audit, if that company's failing or not?

Tim:

Well, I think audit will probably give us a pretty good picture on practices, Mario. That's probably the way to answer that question. If there's issues there. I don't think they deal with profit and loss so much. That's an institutional decision.

Mark:

I don't think the audit of the water companies are going to include these competitive businesses. I think-

Tim:

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No, they absolutely are, Mark.

Mark:

They are?

Tim:

Absolutely. They're completely incorporated. We had this report at our Monday evening presentation with the auditors summary. Because they're embarking on that. Yeah. They are consolidated into the enterprise. So there will be probably a deep dive because this is year one.

Peter:

There you go.

Mario:

Clarification. If I may, Tim. Because I had that same question for Rochelle and let you ask it instead of me. But I called her to make sure I clarified. So it'll be more the income transfer from the enterprises into the capital pipe improvement fund that the auditors will be looking at. They won't be going into each of the businesses, as I understand, and looking down into the receipts in there as much as, okay, this enterprise is saying we have a net \$700,000 that then gets transferred into the pipe fund. And we need to clarify that when you get the audit and we got to look to see, how does it show up? Which will be in the fall. But I don't think they're going to do the same sampling that perhaps they do for the RWA's operations.

Tim:

So Mario, maybe you're not the accountant. I'm certainly not the accountant, but in general, if there is in fact a transfer of X amount of dollars, that demonstrates some earning potential.

Mario:

Absolutely.

Tim:

If they have capacity to transfer. So if we're looking at something that is zilch, or almost zilch, that's an early feedback right there.

Mario:

Correct. And they'll be looking at that. The auditors look at that to see, okay, is this what was expected? Is this normal? Why is there a big change from one year to another? Oftentimes they'll look to see, what's the answer to that?

Peter:

And it goes back to Mark's and Steve's question of just giving us an updated report quarterly. But I'm a deep company. I'm too big for my britches, but we just don't want them to take money out of different

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line items to cover that company. If we lose the money, we might as well get out. But I know that's way too early to even say such a thing.

Mario:

Right.

Jay:

Mario, Jay, if I may.

Mario:

Yes, Jay.

Jay:

The meeting when we talked about the LLCs and I asked about upstreaming the profits, which is the revenue profit, it was going into the construction fund.

Mario:

Correct.

Jay:

Which I believe is the proper place to put it because clearly that's the most expensive. So they were saying to you the revenue would go into ...

Mario:

The construction fund.

Jay:

The construction fund. Yeah. So we're on the same page there.

Mario:

Yeah. I said the pipe fund because that's ... Most of it goes into the pipe installation.

Jay:

Yeah. Yeah. That's absolutely the correct way to do it. Yes. Because we have to maintain our nonprofit position.

Mario:

Right. And then it offsets the need for borrowing money.

Jay:

Exactly. Yes.

Stephen:

Mario, this is Steve. I'm a little confused here. I thought these enterprises were independent financially except for a transfer at some point, to hopefully have money to bring in. But does a possibility exist that the RWA could transfer funds from any other line into these enterprises? Other than what's been approved to purchase these companies. They should be independent.

Mario:

My understanding is they're set up independent and that they're set up so that if there is a profit at the end of the year, that profit fit can be reinvested. If that makes sense. Or the intent is that the profit would then go into the construction pipeline budget item in the RWA.

Stephen:

Okay. And I would assume if there's a loss we would know about that way before it actually happened somehow.

Jay:

That's a proper accounting procedure with the industry. Yes.

Mario:

With the loss, Steve, I think that's where the quarterly reports would come in. And I think-

Mark:

Quarterly reports would take care of that.

Mario:

Yeah. What I envision, Steve, is that we would get into detail at the budgeting and then they would identify, we have companies, A, B and C, this would be an executive session. We have a lot of startup costs in company B. So the projected for the end of the year is we're going to be plus from all three companies, or we're going to be minus from all three companies, that type of a thing. And then the quarterly reports from what I'm hearing is we're on target for what was projected, which is kind of what we get on a monthly basis for where we are with our draw from the rate stabilization fund, where we were projecting a draw, now we're not.

Stephen:

This is getting ... So those businesses aren't independent, they're a group. So one of them could support another one that wasn't doing that well?

Mario:

We'd need to get that detail because I haven't seen anything in writing on that. And frankly, it's the authority in the RWA to really run those.

Tim:

Well, how many are we actually dealing with? I thought we had one concern.

Mario:

Right now. There's one.

Tim:

Right. So obviously I would think ongoing future business should be basically they're separate profit centers. Clearly you would have to look at each individually, even if they're under the umbrella of the overall arching authority. It seems to me you can't make one pay for itself out of the other one. That doesn't ... Otherwise, how could you make a decision to cast it off or say it was a waste?

Mario:

Well, but if-

Jay:

Yes, but Tim, excuse me. Yeah, they are separate LLCs with profit centers. It's the profit that they make because we're a nonprofit corporation that has to be upstreamed to the pipe account to-

Tim:

But I understand that. I do understand that, Jay. I just think from an analytical approach, where we're looking at quarterly reports, we will not be able to look at an aggregate in my estimation. Say, for example, we add a company that's coming year that's doing something a little different or it's another one doing just like this one. If it's not consolidated with the other one as an enterprise unto itself, it has to be viewed separately. That's all I'm suggesting. We're only analyzing one, but ultimately we have to analyze whatever pieces are going into this upstream profit center.

Stephen:

Exactly. I think if there's a profit and if they want to put it back into the company, because that makes the company grow or be more successful, that's one thing. But otherwise that profit has to come to the ... The whole point of having those was to generate an income to offset rates. That profit has to come back into the RWA.

Mario:

Right. Right.

Tim:

Well, we're not past the one enterprise, so it's not clearly an issue. But I do think in its definition over time, management should understand that we want to have the ability to look at each individual captive, if you will, separately. I would certainly want to know that. It's not like you buy a bad company and a good company, average it out and say, everything's going great. We don't want to do that.

Jay:

Tim, I understand that. It's no different than looking at the same companies with a loss and you find out where the loss was occurring.

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Tim:

Right. And we're not there yet, but I do think as things unfold, our intentions should be understood.

Mario:

Well, this is important because better to do it now than we have two companies.

Tim:

Right.

Stephen:

Yeah. And if there is a loss, Mario, where does that come from?

Tim:

Well operations and sales. It's always sales and operation costs.

Stephen:

No, what we're talking about, Tim, is if those companies were merged, it could come from another successful company. But it should come from the RWA as it's a separate company.

Tim:

I guess what I'm saying, not to confuse the issue. If they're separate enterprises. Say you have an agribusiness and you have a plumbing business. They should be separate profit centers. And the board should have an opportunity to look at them in a segregated level, as opposed to a combine, a combine that says, oh overall, they're doing great. They transferred X amount. Because we don't want to support a crummy business at the expense of the other. That's all I'm saying.

Stephen:

Exactly.

Mario:

Are you looking at that on the quarterly basis, Tim?

Tim:

Well, to me, you're dealing with something that it's almost as it comes along. I think every business that we might acquire over time is probably an annual look. Management, they're taking a risk over time. You can see it quarterly, but over time there's an expectation.

Mario:

But this high level look, are you looking on a quarterly basis? This report. Are you looking for company A is doing better than expected? B is less than expected? C is-

Tim:

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Well, if you want one to report quarterly, you have to have them all. I'm satisfied with semi-annually. Because there's seasonality to any business. I don't care what they're doing.

Mario:

I understand.

Stephen:

Mario, I think it's reportable if it's significant. We need to know how they're doing. If there's a huge drop in sales or a huge increase in sales, that's significant. If it's minor and it's expected, that's not ... You might mention it, but it's not a concern.

Mario:

All right.

Stephen:

These reports are going to be very dependent upon what they do and the timing and all sorts of factors.

Mario:

Understand that, but certainly want to make sure that people get the information that they're interested in. And if you're looking for each of the LLCs reporting independently, that's a different piece of information than you're looking at the aggregate, on a quarterly basis I'm talking about. The annual, yeah. Do a deep dive and know what the projections are and what the problems are. And yeah, we doubled the staff and we have the sales. That's a mistake, or-

Mark:

An annual report, you're going to do that anyhow. Any business you're going to get an annual report. That's going to be a more in-depth report. I just think a quarterly report just tells you how the company's coming along. Those are independent companies. Those are LLCs. Those are competitive businesses. Okay. I have my doubt whether the RWA is capable of running a competitive business, but that's another whole story.

Mario:

That is a different story. And that's part of why we're ...

Tim:

Right. This gives us the look. You're right. Mark, who knows? You're right.

Mark:

UI tried it, SNET tried it, and they both failed horribly. We're different than SNET. They have stockholders and we're different than SNET. Our assets are hanging out there and we should know how they're doing. Just a report. I don't know why everybody's making a big deal. And then annually, we got a good report. That's what you should have. It's no big deal.

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Greg:

There should be no for management. They have to have monthly reports.

Mark:

Right.

Mario:

Absolutely, Greg.

Stephen:

Mario-

Greg:

I'm a little confused about, you keep on saying one. Don't we have two businesses that we invested in?

Tim:

Yeah. Yeah. But it's a dive.

Mario:

We have an investment and then we have a ... We have a loan we basically granted in the first one. And then the second one is the well servicing company.

Greg:

The well service company.

Mark:

Yeah. We are going to own that in entirety when the person retires whose business it was or something, I'm not sure what the whole deal is.

Mario:

I believe we-

Greg:

[crosstalk 00:58:39] both of them?

Mark:

I think we owned the business entirely, right?

Mario:

Yes.

Mark:

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All right. So we should have a report.

Stephen:

Mario, this is Steve again. We're already embarking on this program and we're sitting here as the RPB trying to figure out what we need to hear. It should be the RWA that's creating a report system that's transparent and reportable and accountable to the RPB.

Tim:

That's a very practical statement. It's really just when they reveal. You're right. You're absolutely correct.

Mario:

Okay.

Mark:

And they better get the message that we want a report. That's all I'm telling you. That's what I feel.

Mario:

Okay. Any other business. Charles, you've been quiet.

Charles:

Yeah. Like we've been talking, like Mark said, they should be getting their regular reports and they can report to us. We don't have a lot of say. We don't get to tell them or vote on whether or not they should be buying this one or that one. My understanding is they're even looking at a third one now, and we can't micromanage. It's good to know. To Mark's point, it's rate payer's money. And we have to send a message, but it's a little bit like the budget. We're sending a message in advising and we'd like to know what's going on. And I think Mark's got a fair point that we get to know what's going on, but management is running the show here.

Mario:

Okay. No, absolutely. Absolutely. Okay. Very good. Any other comments along these lines? Bob?

Bob:

No, I agree with everything we've spoken about so far. I think Larry owes us chart of the company.

Mario:

And org chart, yeah.

Bob:

Executives.

Mario:

Yes.

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Mark:

You mean a flow chart of the RWA? You're not talking about the ...

Bob:

The organizational chart.

Mark:

Organizational chart. We haven't seen one in a long time.

Mario:

No. And they just replaced a number of people. Yes. I did ask for that.

Bob:

Because what has me worried is, why all of a sudden are we losing people? Are they ... Is something going on that we don't see?

Tim:

Retirements, I think.

Bob:

There's a lot of turnover in a lot of positions.

Tim:

No, that's true.

Bob:

And like I say, there's a lot of turnover in a lot of positions

Tim:

They're going to tell you it's pay. And I'm sure it is.

Greg:

The ironic part is, for years there was very little turnover.

Mario:

I'm sorry, Greg?

Mark:

Tim, I have to disagree with you on the pay.

Greg:

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I said for years there was very little turnover. And I agree with Bob, all of a sudden there's a lot of turnover going on.

Charles:

It's not unique to the water authority though. That's going on across the board. And yeah, they got to get ahead of it if it's becoming an issue though.

Tim:

It's a COVID problem. It's also a generational problem. You just have massive amounts of people leaving the workforce. And those that don't want to bother getting in. You've got people that don't want to go into focused public utilities. There's a lot of explanations for this. So I think they're dealing with competitive disinterest with staff. I think that's really what it is. Competition mostly.

Mark:

I think that they had one person that they were really grooming to take the head position over. You had a good staff. We had a lot of retirees. They had a lot of retirees.

Greg:

I don't think we had a lot of retirees, Mark.

Mark:

No?

Tim:

Well, I think there are a lot.

Greg:

I don't think so.

Tim:

Definitely an aging workforce.

Mark:

It's an aging problem. It's not-

Greg:

But they're not on the organizational chart as we're going to see it, I hope.

Mark:

That's right.

Greg:

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There's a lot of people who've just come in with the company within the last couple years and have now gone.

Tim:

I know we did have that with the personnel person, but I personally couldn't address any others from my knowledge. Maybe that chart's necessary.

Mark:

Right. There's got to be some reason for it. And I think it's more than pay and COVID.

Mario:

Special meeting. No further business. Anything on the topic at hand?

Mark:

Thank you for having me at your meeting. I appreciate being here and I hope I didn't cause a problem.

Greg:

Thank you, Mario.

Mario:

No, definitely. You guys are showing the interest and that's why I wanted you here for the discussions. So, all right. We stand adjourned at 6:18.