South Central Connecticut Regional Water Authority
March 31, 2022
Special Meeting Transcription

David:

All right. It is 8:30. We have a very long day because we are combining two meetings into one, so I will call this special meeting of the Regional Water Authority to order at 8:30 AM. Safety moment. Very apropos with March thaw, watch out for potholes, but also on walking trails because rocks and roots, don't always level with the ground as well. So, be careful of that. All right, the big item this morning is going to be our special budget presentation and review. So, Larry, I would ask if you want to get started.

Larry:

Yes, we will. We're anxious to get started and we'll start the presentation discussion with the capital budget.

Larry:

So click on the one that says Capital Budget Presentation-

Larry:

Correct.

Suzanne:

May I ask a question before we start?

Larry:

Yes.

Suzanne:

Just to be trouble. So, the last time we presented a capital budget, who was in charge of the capital budget?

Larry:

That was Sunny, or excuse me, Ted.

Suzanne:

Ted.

Larry:

Yeah. He oversaw the overall capital budget, even though it was dispersed throughout, the organization.

Suzanne:

And then who oversaw the operations? Was Beth still running the operations at that point?

Larry:

Beth was running the operations and the operating budget, but Rochelle and before her Linda, kind of do watch the financial aspects of the operations.

Suzanne:

So can we just talk for a smidge about how we transitioned? Because it seems like we've transitioned a significant number of people since the last time we did this and how you take the legacy, knowledge, and information of what we had and make sure it gets captured for the future.

Larry:

So Ted has spent time with Sunny on the capital side, going over capital budgets, major capital items. Matter of fact, he's working with him jointly on the Whitney Dam application. So that transition started before Sunny, excuse me, before Ted retired and we found Sunny and that continues today on an as needed basis and the operation side-

Suzanne:

I'm sorry to interrupt you. So, you essentially just take what Ted had and do you then go out and do a whole bunch of work to verify? I'm looking for, are we capitalizing on the opportunity of change in management that more is sought out about our capital budget, et cetera, et cetera, or do we just assume that Ted's competence carries through?

Larry:

Well, it's a combination of things. There's a lot of things that Ted had a great deal of competence in and worked on and we, in some cases, took those assumptions. Sunny is questioning some of those assumptions now. And, as a matter of fact, he and Rochelle are working quite closely and one item that you'll see, that we'll talk about is on the Whitney Dam. Sunny had done some significant additional work to find a lower cost alternative.

Suzanne:

Okay.

Larry:

That we are continuing to vet. So, he's taking a look at practices and determining if there's a different, better way to do it based on his project experience.

Suzanne:

Okay. And are we also looking at, should we be doing more or less in general in the capital plan as well?

Larry:

As a matter of fact, this budget's going to reflect doing more.

Suzanne:

Okay.

Larry:

We've shifted things around, but you'll see that in the detail that the budget is higher for a number of critical reasons.

Suzanne:

Okay. So what it sounds like is we have done some due diligence from the last administration, if you will, and have made some changes, which we'll learn about today and we're going to talk about why we think we need to make those changes, et cetera.

Larry:

Right.

Suzanne:

Okay. That's great. Thank you very much for that.

Larry:

I have prepared a listing by Vice President of their responsibilities-

Suzanne:

Mm-hm.

Larry:

...But I just haven't sent it out yet. That'll be given to the authority as well as the RPB so that you can see the areas that each Vice President and that Dennis are responsible for it.

Suzanne:

Okay.

Larry:

I appreciate, Suzanne, you asking that question because the capital priority matrix that Ted had created.

Suzanne:

Right.

Suzanne:

And I wondered if that was going to continue. I see it's being used, but is there something new or how is Sunny going to take all that? Is anything going to change with whether that's used or the projects on there, or will it be a different assessment of the various projects? So, you answered the question, but so [crosstalk 00:06:57].

Larry:

We'll continue to use the capital budget matrix and to the extent Sunny sees and tweaks to it, he'll do that. Rochelle is obviously heavily involved in that-

Larry:

...As well. [crosstalk 00:07:08] but capital budget administrator used to report to Ted. He had her report to Rochelle during the change because Rochelle had overall budget responsibility. So she will work with Sonny on the prioritization maybe.

Suzanne:

Gotcha.

Suzanne:

And is Lisa still here?

Rochelle:

Yes.

Suzanne:

Okay, sorry.

Larry:

These are great question, though.

Suzanne:

Legacy knowledge, going out the door and how do we capture?

Larry:

Absolutely.

Suzanne:

And also just challenging that legacy knowledge to make sure it was right.

Larry:

Yeah. This is actually all that's left of the RWA.

Sunny:

That's a scary thought.

Suzanne:

Thank you guys.

Larry:

Sure. Okay. So, on the capital budget topics, just to orient you to our discussion, I'll cover the first three items and then Sunny will pick up from items four through eight and eight will actually be shared with the prints, since it includes some CIS or excuse me, some IT projects. And then Rochelle will conclude with the last two items and talk about that.

Larry:

So, the next one is just a little orientation. This is the history of our capital budget since 1992. And couple of key points here, first of all, as you can see, the capital budget tends to fluctuate depending on the priorities in each category for a particular budget year or budget period. For instance, in the 2000 to 2005 time-period was when we were constructing the Whitney water treatment plant. So you see there was a spike there in the treatment category in the 2008 and 2011 time period, we had increased expenditures in IT, particularly for the implementation of the original CIS SAP CIS project.

Larry:

Then 2016, 2020, we were spending on, on the automated meter reading. 2018 was the great hill tunnel project, which was a bit of a big anomaly. And then 2021 shows the impact of COVID. Now our pre-COVID budget at that point in time was 41.7 million dollars. And as you can see, it's about half of that. And 2022 and 2023 includes the projects that were deferred in fiscal 21 when we reduced the budget. So they're a spike there.

Suzanne:

So there's a COVID factor as well?

Larry:

There's COVID factor in there, and that'll become apparent as we go through-

Suzanne:

That makes sense.

Larry:

... the budget itself.

David:

Can we go back to 2005, that's right after Kevin and I got here. Those were pretty good.

Larry:

Yeah. Those do, those do.

David:

The stub year.

Larry:

But, the stub year, you got a question that was that.

Kevin:

What was that? Yeah, yeah.

Speaker 1:

That also means you're not doing capital improvements. [crosstalk 00:10:11].

Larry:

We switched the fiscal year start too.

Larry:

As I said, there may be a direct correlation with the fact that we didn't do it then and not the way now.

Suzanne:

Just saying, just saying.

Larry:

In fiscal, the next budget is the fiscal 23 capital budget assumptions. Just a few facts on that. The total budget for fiscal 23 will be about 47 million dollars and that excludes the projects that we're going to be discussing in executive sessions. We'll get into those three in that session that we'll talk about. That 47 million dollars is comprised of about $36 million dollars for the actual projects, about 7.9 million dollars in money that we moved from fiscal 22 into the contingency because we couldn't do them. And it includes the 3 million dollar self-funded DOT project budget.

Larry:

Fiscal 23 budget and our future budgets take into account all the recommendation from GHD, you remember that a couple of years ago, they reviewed our capital budget and made some recommendations on areas where we should either keep the budget the same or to increase it. Primarily in pipe and pump stations, being the two areas. We're assuming that the RPD will be gracious enough to approve the projects we needed and we actually have six that we'll be submitting to them during this particular fiscal year, most notable being the lake Whitney Dam and the CIS project.

Larry:

Our capital budget contingency has been increased to about 7.9 million dollars. 7.4 of that is reserved for four projects that are listed here, that we had to carry over into the next fiscal year, but we still added an extra 1.2% for the overall capital budget contingency. That's the 7.9 million dollars. The Connecticut DOT pipe work will continue to be self-funded. And we have a very high collection rate, we're over 98% collection. That is much larger than many other utilities have been able to achieve because we, several years ago, we looked at the process and we assigned a particular engineer as one of his primary duties, along with other things, but one of his primary duties is collection of DOT payment.

Larry:

So we're getting reimbursed on a regular basis and that's an extreme paperwork intensive process. And we're also assuming that we will not be reimbursed for either municipal work or some projects that DOT does that we're not allowed to be reimbursed for. That will be... so we have budgeted for that particular.

Suzanne:

And Larry, can I just ask a couple of questions on this? So, on the 47.1, are you allowed to talk about how much the stuff we're going to talk about in executive session is, so that we know what the total number would be?

Larry:

Well, there are different alternatives that we're going to show you, so it's kind of hard to pick a number.

Suzanne:

Okay.

Larry:

But, so we'll get into that [crosstalk 00:13:35].

Suzanne:

So sit tight, wait for that. Then, also, the 7.8 contingency, when the overall budget contingency is increased by 1.2% or is 1.2%?

Larry:

The overall contingency is 1.2% of the overall budget. And typically in the past, our contingency has been a line item that was about one to one and a half percent of the overall budget because individual projects have their own contingency. So, we just put a little extra padding in there in case we need it.

Suzanne:

So it's on top of individual project contingencies.

Larry:

Correct, correct.

Suzanne:

Okay. And-

Larry:

That's why it's so small, by the way.

Suzanne:

I was going to say, 1.2% seems like real confidence in there.

Larry:

It's really miscellaneous, but we budget on a project by project basis.

Suzanne:

Right.

Larry:

Depending on the level of design.

Suzanne:

Right. And historically, those contingencies have worked.

Larry:

They have.

Suzanne:

With probably few exceptions.

Larry:

Doing it this way. That correct.

Suzanne:

Okay. All right. And then, I had one other question, but let's keep going.

Larry:

Okay.

Larry:

The next item is just a recap of the 84 projects that we have in the four categories of our budget, which you can see the projects themselves are 36.2 million dollars. When you add the contingency, the DOT and the non core billing amount, that adds up to the 47.1. Again, that doesn't include the items that will be discussed in an executive session and does not include the projects being held in contingency, which is the 18.3 million dollars, but that's covered by that 7.9. So, there's other projects in treatment that will come out of that 7.9 million.

Larry:

And my last slide is the next one, which is further introduction to the budget. Certainly, we have taken into account those bodies that we had to defer last fiscal year for this particular budget. We're seeing impacts to the budget due to supply chain issues both long lead times or unavailability. But I have to say, and Rochelle can comment on this if need be, but Peter Bocciarelli, who's our director of procurement, he's been very proactive, ordering parts and pipe. And he began that last year, early last year when the supply chain started getting tight and now other utilities are actually calling us for parts and there may be a profit opportunity. But nevertheless, he did a really great job being proactive. What we, on our most critical part, he's continuing to watch the market for that.

Suzanne:

If I may interrupt. I remember that from last year. So, I was wondering why we were having issues with respect to supply chain, because there was this proactive collection or-

Larry:

Correct.

Suzanne:

...purchasing. But, I like the idea of profit because I always do.

Larry:

So do I, but you know.

Suzanne:

But does that actually end up... If we are selling these parts to other utilities, does that actually put us in a negative position of not having access to them [crosstalk 00:16:50]

Larry:

Well, he's very discreet about what he decides to sell, what he can sell to them or provide to them. And it's on a loan basis, usually, "Logging, I'll sell you this part if you reimburse us for that, excuse me, or give us a lighter part."

Suzanne:

Oh, okay.

Larry:

So that...

Suzanne:

I like bartering.

Rochelle:

Part of it as well. So we help them out in an emergency. It's not an everyday occurrence, but it's an emergency. An example of supply chain issues, we ordered a dump truck last July and we're not getting it until March of this year. And that's typical of some things. We have Drinking Water State Revolving Fund projects. We expect to close on two projects and the state drinking water fund. We have five applications that have been submitted, so we're continuing to seek grants as much as possible. We'll get into more of that a little bit later.

Rochelle:

And we are actively working on the asset management focus on business practices. So fiscal 23 asset management work plan will validate all of our vertical equipment, equipment that's above ground. And we'll get that into our information system called M for EAM, which is enterprise asset management. And then that will help us make sure that we have all the assets online and it'll bring them up quickly so that we can use and keep them up to date in terms of our maintenance and or replacement. It'll also help us with predicting maintenance and it'll allow us to continue to expand the enterprise asset management system. That work is still ongoing. It really started in earnest last year and it's continuing on.

Suzanne:

And can I ask just a few questions about that? How is the system performing? Meaning, so I'm on a school board, as you know, and what we're finding is that our little emergency projects are becoming bigger and more urgency driven. And it's really due to the fact that we let our building... They're getting too old and we really need to do some repairs. How is our system performing in terms of when you look at it, are you seeing spikes in emergency repairs or other kinds of things that say, "Gee whiz", these are flags that say the system is struggling in certain places or aspects?

Larry:

Yeah, those flags were actually raised a year, year and a half ago. You may remember the key event was the large water system, dirty waters issue that we had.

Suzanne:

Yeah, right.

Larry:

And that really got us focusing on, "Gee, what's the status of maintenance or replacement of our assets?". So the plan was put together. And Jim has been working on that since he got here. So, we had critical emergency things back then, but that has subsided considerably and we are being more proactive. You'll see that our own [inaudible 00:19:56] that our maintenance and repair line item is much larger. And also in our capital budget, we are doing more projects, which is another reason why it's larger.

Suzanne:

Mm-hm, okay.

Larry:

But we're not having the emergency repairs like we used to.

Suzanne:

Okay. So system and was showing some sign of stress. We've been proactive, showing less sign of stress. Good sign for us.

Larry:

Correct.

Suzanne:

To think about, we've gotten five steps ahead of the process anyway. Okay. And then secondly, with all this money flowing through the system on infrastructure, are you going to talk at all about how we are going to help get some of it?

Larry:

Yeah, we have a slide on what we've done to date on grants and what we're planning to do, but the key item there is, despite all this money floating around for drinking water, it looks like it's going to be administered through the state drinking water fund revolving fund. And they're talking about putting caps on things. So while a number of our projects, like I said, we have five of them that we submitted applications for, a number of them will be eligible for some of that state drinking water money, which is low interest loans and grants. They are capping the amount that they give to you, about what, seven to 10%? Am I right on that?

Rochelle:

Actually, for the large projects it's going to be less. We were so disappointed, Sunny and I on a call with them that it could be as low as 650, like per project. So that's a lot for a small project, but it's not a lot for a large project. We definitely expressed our disappointment.

Suzanne:

650,000?

Rochelle:

Yeah.

Suzanne:

Okay. So it's not even a percentage of your project. It's a flat rate. [crosstalk 00:21:33]

Rochelle:

Hopefully they'll change that.

Sunny:

You have both 20% or 650. Whichever is greater, I guess.

Suzanne:

Greater or smaller?

Rochelle:

Smaller.

Suzanne:

Yeah. [crosstalk 00:21:42] Yeah, yeah.

Sunny:

So, what happens is, even if it is a small product, say half a million dollar project, so you get up to a 100,000.

Suzanne:

Right.

Sunny:

But if it's 3 million, you're still going to get only six.

Suzanne:

Right.

Sunny:

But the only thing which, they may actually go back and reconsider, is probably lead and copper related product. That grant from what we had, Rochelle and I had conversations that grant cap may go up. We still don't have, I would say EPA to give them any directives, they're still waiting for directives. But based on the directives, that 650 to 750 might actually go-

Suzanne:

Yeah.

Sunny:

More than that, which would be nice to have that.

Suzanne:

It makes sense from a CYA point of view, they don't want to be pointed to, as we tapped it and people couldn't do what they needed to do in that particular area, so, okay.

Larry:

And then the last item, which actually goes to your point, Suzanne, is that we've taken into account doing or replacing infrastructure to reduce our risk, enhance our resiliency, excuse me, and redundancy. So, that's being looked at on actively and that's projects that Jim has identified or Sunny's engineering group have identified. So they're working together on [inaudible 00:22:57] the risk and increase the resiliency, I'll get that right yet, of the organization.

Suzanne:

I'm drinking coffee too, Larry.

Catherine:

Larry, before we move to the next slide, I'd just like to go back to the DWSRF caps, have we had conversations with the legislative delegations, from the representative communities, because those caps are going, they may be great for small communities, but they're going to hurt the RWA-

Suzanne:

Larger-

Catherine:

The, yeah. MDC. And so we really need to have some conversations, especially, and I'm glad to hear that there may be some thought that that cap will be lifted for the lead and copper regulations, but that's going to be a very expensive project going forward.

Suzanne:

It is.

Rochelle:

That's a great point because all water authorities are not equal. I mean, you're right for little tiny entities, 650's like payday for us. It's a drop in the bucket for some of our projects.

Catherine:

I think April is working on something. If you'd send something out that I had asked about like a month or so, well just a summary of some of the DWSRF process leaves or something which you're working on, it is a draft. So I guess you're working on something that you'll have April work out to get to our legislative delegation.

Rochelle:

I think there are certain things that make sense to go through them. I think with, this is my personal opinion with DWSRF, we have a great relationship with Lori Matheau, as well as the key guy that sort of administers DWSRF. So I think working through him, through what we're doing [inaudible 00:24:48] which we'll get into shortly, we have some good relationships even with the EPA. So I think that-

Catherine:

I understand that. I also understand that the head of the appropriations lives across the street from me.

Catherine:

And you know, maybe targeted education makes some sense... that's also being a little proactive, making sure that people that make these decisions with respect to where the money goes and how it's allocated, actually understand how those decisions are going to have an effect upon their constituents.

Larry:

Yeah. Good point. Yeah. Thank you. Thank you. And we may have, but we may need you to take somebody to lunch, so yeah.

Suzanne:

Yeah, that's right.

Catherine:

Yeah, I can make a little tea. Take it across the street.

Kevin:

Tea and finger sandwiches, that sort of thing?

Suzanne:

Coffee break, you know, a coffee kick.

Kevin:

That's right.

Larry:

So, with that, I'll turn it over to Sunny, who's going to talk about the prioritization matrix process.

Sunny:

Okay. I think going back, I think to Suzanne's question and Kevin's question, a lot of things have changed. I mean not only Ted leaving, but I think it was pre-COVID. The prioritization matrix was done. I think the whole word has changed. I think we are also kind of adapting to it as each day goes by. It's not, I would say, it's pre-Ted, post-Ted, but I think post-COVID pre-COVID has kind of made our entire prioritization be re-looked and reviewed in terms of how do we go about addressing all these bottlenecks, right? So, even existing products, what Larry mentioned, the contingency that we moved the 7.5 million was predominantly dictated by a lot of spliting and resilience issues. So, we couldn't get PLCs. We couldn't get pipes. And today, even last week we had a meeting with one of the suppliers of pipe, American made pipe, it takes 12 months to get a Delta line pipe.

Sunny:

What happens is the entire thing is in flux. The industry, construction industries, is in flux. Going back to your point, it has to be looked at from many different directions. We are putting our heads on. So as part of that, right now there is 43 ongoing projects and there is a few more, which is going to come on board in 23, which we will go through. And we are also looking at the 10 year capital projections that we did in 2021, matched it to see what we actually projected and where we are right now, what we accomplished in 22, and going forward. And addressing the same question that Suzanne brought up, as to how are we really doing in terms of our infrastructure?

Sunny:

So the infrastructure is key for us and conveying water. It goes back to 1890s and you know, the Dam is 1860s. So, looking at all these things, there is a conscious effort to look at how we can upgrade so that we don't really get into an emergency. I mean, still there are emergencies that happen every day because you know, the infrastructure is so old, but there is a continuous process to kind of look at. It's a constant evaluation of how things are and then we keep moving forward. I think that's where the prioritization, which is going to be re-looked, reviewed, and kind of reprioritized as to see which ones make sense. Because even when we did the capital both Rochelle and I worked on, we looked at many of these projects, we pushed some of them to 27, 28, beyond the five year window.

Sunny:

But then we said, we really need this for our growth. So we brought them back. There were other projects where we said the East West transmission line, which conveys water from lake [inaudible 00:28:30] all the way to new Haven onward to Milford. We looked at it and we said, we need this because that pipe really needs a lot of hydraulic efficiencies to be brought in. So all those things we re-looked at, it's a continuous exercise to make sure that we're putting money into the infrastructure so that there is a [inaudible 00:28:47] supply, the water quality at the right places, as well as maintain the pressures with regard to water supply as well as time. So, it's a continuous engagement, right. So, yeah?

Suzanne:

Supply chain, is that impacting project specifics or is it just an umbrella over the whole capital plan?

Sunny:

If you look at it, you could actually qualify it in both ways, it does affect the capital projects that come on with an entire umbrella, but each individual project too gets affected, depending on what goes into the capital project.

Sunny:

There are few instrumentation projects where semiconductors ships are in short supply. The PLC manufacturer is not able to access that and it pushes out. Then we look at pipes, pipes is a major, if there is DWSRF requirements and there is an issue of funding. So the make in American parts today, it's very stringent. Right from raw materials all the way to the finished product, has to be made in the US.

Sunny:

When you factor in all those initiatives, it hits the supply chain in a tremendous way. Going back to the same point, which you made, there's a lot of money out there. Too much money chasing too few goods and services. Who is placing the orders first?

Sunny:

That's another factor, which pushes the prices up. There is a cost impact, scheduled impact in terms of the overall capital, as well as in terms of overall deliveries as well.

Larry:

I would then add to Catherine's point, that we should also be educating our legislators on this because, if there is a line, I would think fresh air and fresh water should be at the front end of all this stuff.

Larry:

Any extent that the state can help with supply chain issues and I don't even know, it's like thinking out loud, how can legislatures, also legislators, help us in this regard?

Suzanne:

I would add that to the educational platform that Catherine's talking about. When I hear you say that stuff, it, on the one hand, it makes all the sense in the world and on the other hand, it does put our system at risk.

Sunny:

Correct.

Sunny:

I think just to touch base on the point you raised, I was in a new Indian Chamber of Commerce event a couple of weeks ago, and there are a lot of initiatives which I think the state is also looking at or manufacturers in CT. They're trying to bring back manufacturing into Connecticut.

Sunny:

I think one of these ideas, as Catherine pointed out, to bring manufacturing in all these critical areas where it impacts the critical infrastructure-

Sunny:

Absolutely. Point development.

Sunny:

Again, going back, I think the infrastructure and technology projects are prioritized separately because they do...there is a symbiosis. In terms of procurement and delivery, one is more service oriented, the other is more goods and services combined there is a clear shift.

Sunny:

We do work with Gym Group Operations and Prem's group to make sure that we address in a holistic way, that the process, the infrastructure supports delivery of water. I think though they're prioritized separately, there is certainly, everyday, there is a mix coming together.

Sunny:

This is an ongoing process of which we are continuing to do it. It's more dynamic at this point of time where we are looking at it, whether we can actually plan better to avoid the bottlenecks that we looked at 2019/20, it's a continuous effort.

Sunny:

The project managers, the leadership teams, as well as the CPCT, which looks at the capital projects every fortnight and every week the teams meet. We constantly look at an upgrade, where should we be and where the bottlenecks stop, to Peter Boccarelli. See whether we can actually get central procurement to help out or other ways to mitigate the bottleneck in supply chain. That'll be a very critical factor for us going forward.

Rochelle:

I might add there too, Peter, Shaw and I have worked together.

Larry:

To have Peter participate in discussions with operations, so that he can get an early lead on parts and materials that might be needed for a project coming up. He's in weekly meetings, daily meetings, talking to them, so that there can be an adequate planning of action, that's a shift in the organization.

Larry:

That happened last year as part of the centralized procurement effort.

Sunny:

On the natural resources, mostly it deals with the land management, data management, et cetera.

Sunny:

I think one of the projects, which we'll discuss like Whitney, the executive session, so you would be able to see. Related to the numbers and how we are planning to go with the various different options. We will discuss that in detail.

Sunny:

This predominantly pertains to land management at this point, the 0.8 million, as well as the prospect data.

Sunny:

There were a lot of issues concerning the spillway, the seepage coming out of it so we did the stability analysis, we did the geotech analysis, we have done the hydraulic and hydrologic analysis. Based on all of that, the amount of water that we get out of it, it's not that great. It's only 0.1 MGD, which is not going to be a source of supply for us.

Sunny:

We have to address the stability issues and the seepage. This next, fiscally, has to be allocated for design, has to reach alternatives to be going into.

Sunny:

There's two or three alternatives, which we are looking at, in terms of design itself. Picking the design alternative, which is more conducive, serves the purpose, as well as most cost effective.

Sunny:

I think that is, what I would say, the prospect dam is going to involve in the next fiscal '23 with regard to construction itself. It's going to go into '24, '25. Once we decide on the design concept and zero in on the design itself.

Catherine:

I just quickly...can you refresh my memory? If it's not a source of water for us, why do we need to continue to-

Suzanne:

I was just going to ask those questions.

Catherine:

I'm sure there's a...I might be part of the system, but I'm just-

Catherine:

I've heard about the prospect dam many times and I'm just trying to get back to-

Larry:

Couple of things first, the alternative to the seepage issues is to breach the dam. That's just not acceptable to the dam because you have a beautiful lake it's going to be empty, so breaching it is not really an alternative.

Catherine:

Okay.

Larry:

There're no other water systems nearby that would be able to use that. It has such a low capacity that nobody'd be interested in it, so it's ours to keep, in essence.

David:

But why can't we give it to the town?

Larry:

Well, they don't have the money to maintain the dam and that was an option that we actually looked at.

Larry:

Sunny had, one of our employees who lives in town, talked to the first select and they just don't have the money to even maintain it, so it would then be a safety issue.

Catherine:

What about the state giving it to the state?

Suzanne:

You just asked my question.

Larry:

That's one that we have not at least I haven't thought about, no.

Larry:

We haven't examined that option.

David:

Yeah. So that's one that we haven't examined-

David:

But we...I don't know whether...and they might say no thank you-

Larry:

But, I don't hold the liability for it and maintain it. I appreciate the nice nature of the lake and the town doing it, people walking by it, appreciating the view but I'm not sure why.

Larry:

Well, we're as much a natural resource company as we are water supply company.

Larry:

And, a great deal of political concerns about what utility starts talking about, abandoning a reservoir and breaching it just almost unheard of.

Catherine:

I don't, I'm not saying we need to breach it, but,

David:

But giving it to the state might be an option that we just haven't explored. I have no idea whether they would want to take it because then they can use it.

Larry:

That's a great suggestion and we haven't thought of that so, thank you.

Catherine:

That offer might be made in collaboration with the municipality. It might be heard a little-

David:

It might be received even very favorably.

Larry:

Yeah, sure. That's a great idea and April's got a wonderful working relationship with state folks and town officials, so that's so List.

Larry:

Thank you, that was a good suggestion,

David:

As long as there's no big push, the municipality is going to say we don't have the money.

Larry:

Right.

David:

You're in the process of saying it's going to go down. That's going to affect two towns, that's going to affect Prospect and Cheshire. If you breach that, because it goes down-

Larry:

Breaching is not the solution-

David:

Talking about political pressure though...

David:

Yeah, if you say to the mayor of prospects, find the $5 million to fix it because we're not going to do it, we're going to consider breaching it, then you force into some negotiation.

David:

Whereas right now he's just saying hey, they're taking care of it, why should I buy it? We'd almost have to get a little more difficult posture with them once we get into-

David:

Yeah, and if this ends up costing 5, 8 million dollars, I'm not going to want us have to spend the money.

David:

Well, you know the people better than I do, but I like the carrot before stick.

Larry:

Yes. I know

Larry:

It's a great suggestion and I love that approach so, thank you. We just haven't thought about giving it to the state.

Larry:

I would be shocked if the state took it, with the problems, and asked-

David:

Fix it first, and then we'll consider it.

Larry:

That would probably be the comeback. If you guys want to fix it, then we'll take care of it.

Catherine:

Maybe they might actually give us some money to fix it.

Larry:

Right.

Catherine:

You are now...are you political advice?

David:

Split the cost.

David:

You've been on the surplus list for a long time.

Larry:

It has.

Larry:

It's surplus and we don't need it.

David:

The long term answer is we should try to unload it.

Larry:
Yeah, exactly

Larry:
Or something.

David:
Exactly.

David:
We can't do it right now, we still have to fix the problem but maybe we don't have to fix the problem again.

Larry:
Right.

Catherine:
That's great.

Larry:
Yeah. Good thought. Thank you.

Suzanne:
I don't know anything about politics.

Larry:
That's another breakfast.

Sunny:
The others, I would say the tunnel diversion and raw water main rehabs, I think we have close to almost eight active and two inactive tunnels and conveyances.

Sunny:
All it relates to is the rehabs of the raw water tunnels, studying the tunnel conditions. We have diversion structures, which divert water from smaller watershed areas to Saltonstall or Gaillard or something like that. As part of maintenance we normally would look at whatever's required for each year, depending on what we need to do, that's the 400 000.

Sunny:
The last one on this item is the fence and guardrail here, which is typically, when we look at it, this is a more O&M activity, depending on how defenses and guardrails are. Now, that's an ongoing one, all the time.

Sunny:

With the treatment, the four main treatment plans are going to be the Gaillard, West River, Saltonstall and Whitney.

Speaker 10:

Gaillard, we just did the application for the cloud fires and the HVAC work. West river, there're ongoing improvements. The DA is ongoing, which is an existing project that will continue as part of the design construction, which went into 22 and 23. In [inaudible 00:41:12] we also discussed the [inaudible 00:41:13], see?

Sunny:

There was one more emergency project that came in, which was not originally envisioned in 22, addresses the point that you earlier brought up the sodium hypochlorite tanks, which is part of the disinfection for water. We found typically the average lifestyle of these tanks ranges from 15 to 20 years. They're either fiberglass or some kind of a plastic, but in this case, it was some kind of a plastic, a hybrid.

Sunny:

What happened is, the sodium hypochlorite is very costly by nature, it really acts on the walls and the base. When we started looking at it originally, the improvement was supposed to happen in '24, '25, somewhere in the range. Based on 2015/16, capital planning and DHD did this analysis and they projected these tanks to be replaced. The other treatment plant tanks have been replaced in 2019/15, so they're not in the horizon to be replaced but this tank especially failed.

Sunny:

We started looking at the base, there were cracks and slowly you could see the tank giving away. And Gaillard being 60 to 70% of our supply, we said we cannot afford to do this, so we ran through an emergency in this case. Even though the tank could have lasted maybe for another year or something, they didn't want to take the risk.

Sunny:

We said, okay, let's go fix this and right away. Luckily we got the contractor on boat plus the manufacturer on boat, in that way, we were able to start the construction very quickly, as of March, so the existing tank have been demoed, which was a very big process. The new tanks are in order, which will come in around a million or two and by September we will have a bypass disinfection unit that will tell pops but this is an emergency which came up where we said we don't want to wait until '25 to fix it because at that point, having 70% of the water supply in one treatment plant, we had a proactive decision and went forward and took care of it.

Suzanne:

How much did that project expect to cost?

Sunny:

It's about 1.1 million, including both tank and demolition of tanks.

Sunny:

As part of the tank, there is also a chemical resin coating that goes on the...there is a containment structure, one and a half feet concrete containment that goes around it, so it prevents the spill from traveling anywhere else. There is normally a coating, epoxy coating, that goes there for any chemical areas.

Sunny:

As part of this, we are also removing the existing coating, because it's almost 20 years old. We are removing the existing coating, putting the new coating back on plus some piping, which is also corroded due to the hypochlorite.

Sunny:

1.1 million covers the demolition of the existing tanks, remove the coating, putting in new coating, new tanks and new piping and...yeah, go ahead.

Suzanne:

What process brought this to light for you?

Sunny:

This was a continuous...our capital engineering folks interact with the operations.

Sunny:

Everyday there was a discussion on...they go around, look at the sites, see what is going to be the life of this and when they noticed it, it was suddenly showing fatigue. When it showed fatigue, they said this is something we need to bring up, so it was brought up to the leadership team. They said this is something that we cannot really live without and we went in with the emergency.

Suzanne:

Is it visual notice?

Sunny:

It's visual notice.

Suzanne:

Okay.

Sunny:

So, by operations saying look, we're seeing this to the capital group or the capital group coming in going, Hey, do you notice this

Sunny:

Right. Capital group also goes pretty much every day to the site.

Suzanne:

Right.

Sunny:

Because the construction activities make them visit the site almost everyday.

Suzanne:

Right.

Sunny:

So all the engineers from the capital plan group, almost 70, 80% of that, pretty much go to the site every day, so the visual inspection happens. Either you get input from the operations team or the capital planning team goes and looks at it and always there's activity, so it's a visual inspection.

Sunny:

Both the teams work very closely in touch with each other to bring about issues like this and then it gets pushed up to the capital planning, the leadership teams and we do the strategic analysis on what we really need to do.

Sunny:

If it's an emergency, where it's going to impact a tremendous amount of supply or it's a resiliency issue, then we go and attack it right away. It's a continuous engagement.

Suzanne:

Is this also part of the asset management? Where you're trying to assess each asset that we have in it's light?

Sunny:

The asset management combines with the capital planning itself because most of the capital planning is related to maintaining the assets, both above ground and below ground assets, anything, pump stations or 16 inch water meters, all of them come onto the asset management category, it's a continuous assessment.

Sunny:

It's not necessarily that we go and look at the stand itself, but you're seeing fatigue there and we are working around it. It's not going to be unnoticed for sure, because you're there every day and notice.

Suzanne:

[inaudible 00:46:29] not engineers, so I will ask your questions.

Sunny:

Oh, sure. Please-

Catherine:

Did this system have anything to do with the dirty water problem that we had?

Sunny:

No.

Sunny:

This sodium hypochlorite typically does disinfection, so when the water [inaudible 00:46:45] finally goes out after the treatment is done, the filtration is done. The filtration takes care of all the impurities that's there in the system, both in terms of...there is a carbon which absorbs the impurities and then passes through the filters and the filters deliver pretty good water-

Sunny:

Out to where it's going to go.

Sunny:

But the EPA and the DEP also mandates that it has to be disinfected or microbials are damaged.

Sunny:

When you have...today we can do two or three things, one is the ozone disinfection. In certain plants we do have the ozone disinfection, but in this case, resin coating has been a disinfectant for the last 120 years. I think we first used it somewhere in 1910s or something, I think that was the first we used as part of the New Haven water company. Coating has been the most sought after disinfection. Disinfection is for viruses and bacterial contamination.

Catherine:

Okay. Thank you.

Sunny:

So, Saltonstall pretty much I think there's going to be a lot of improvements related to instrumentation.

Sunny:

We are upgrading, electrical upgrades and other treatment plant improvements, which connects into the basic treatment, but there's a lot more money allocated for instrumentation and controls in this project.

Sunny:

The well fields-

Suzanne:

And just one last question, I noticed that you said that the contingency costs...sorry, in those numbers. Are you doing a contingency cost?

Sunny:

Correct.

Suzanne:

Like a set percentage that says 20%? 25? What do you factor in each project?

Sunny:

Correct.

Sunny:

The contingencies, in which I think Larry mentioned, was two different budgets. One is a project contingency, that project contingency is captured in all these numbers. The other contingency-

Suzanne:

Oh, it says the [inaudible 00:48:36] do not include the project

Sunny:

Correct, right, Yeah. For select projects, these select projects-

Suzanne:

Okay, I got it, I got it, I got it. Thank you.

Speaker 11:

Those projects consider

Suzanne:

[inaudible 00:48:48] I misread up top. Thank you.

Sunny:

Under the treatment, we just go into the...normally there is a filter media replacement that happens on a continuous basis. We look at how well the filter is and depends on, like Catherine's question, what's the color of the water, what's the turbidity level? We look at all those things and is it treating efficiently? Do we need to replace the media?

Sunny:

That's a constant evaluation we do and depending on which filters show inefficiencies in filtering the water, those get chosen and we replace the filter media. It's always an annual program that happens, based on which filters come up in line. There's a continuous evaluation on what goes in pre filter, what water comes out post filter and based on that, we decide, okay, these two filters at Gallard needs to be replaced, the other ones at West River needs to be replaced. It's an annual program that's been continuing from 2016.

Sunny:

The valve replacement is the one that, you will see the application, that's part of today's agenda. This is a program that was initiated during the late 2017/18, as part of the looking at the valves both within the treatment plant as well as yard valves. It's a program that's going to look at all the treatment plants and look at the valves, which is within the plant's footprint itself. Look at the yard piping and see what yard piping valves needs to be replaced.

Sunny:

As part of that program, the first project under the program, is going to be the Lake Gaillard Water Treatment plants, where again it goes back to the filters. We have these old valves, which is been in there for a long time. They are massive valves almost 30/36 inch valves, which have been their butterfly valves.

Sunny:

What we are doing is, we are taking out the old valves, putting in new valves and you will see a detailed presentation on it, around 11h30, so I don't want give the suspect away here.

Suzanne:

It's part of the application. That's-

Sunny:

It's part of the application. Yeah. So I'll just move to the next one.

Sunny:

The Gaillard again made up the clarifiers, the recycled building improvements. That's the application that went in, in the HVAC was the one that went in. I was just talking about sodium hypochlorite tanks, and the control, the IC, instrumentation and controls.

Sunny:

Then, the electrical upgrades that is envisioned, part of the electrical upgrade is going to happen in 2023 and it goes all the way up to 2025. Again, electrical is old in these plants, so it's a continuous evaluation of the motor control centers, variable frequency drives plus all the other panel boxes and all that. The conduit wiring, we look at that in a holistic pattern and see which one needs to be replaced and we go in.

Sunny:

There's also an effort to see whether we can actually bring in more efficiencies, in terms of construction, by combining contracts, if there is one electrical contractor, you can do work in two treatment plants at the same time. It'll be just one electrical contractor doing the work so those options are examined as well.

Sunny:

Larry brought it up to see that we can examine those options, that is a continuous evaluation we do to optimize and deliver value. In terms of the contract delivery itself, there is a one stop shop, where we go to one contractor and say, Hey, you know what, you're doing two treatment plants, do both at the same time. We have one day responsible for scheduled delivery. Hopefully we also get efficiencies and cost be cause there's one measure.

Larry:

That's an example of us responding to a previous issue. Remember a couple of weeks ago the electrical panel, our pump station blew out so we had to have that replaced. That then prompted a review of other select needs and-

Suzanne:

Right.

Suzanne:

I have two questions for you on this one Sunny, on Lake Gaillard, of these projects, I know the sodium tanks are now pushed up to a sooner period because you weren't comfortable waiting-

Sunny:

Correct.

Suzanne:

For that long, anything else in here being pulled forward that was later in the process?

Sunny:

No, no. I think these were all originally planned as...yeah.

Suzanne:

Okay.

Suzanne:

The second question is, it sounds like your approach is, we always talk about this in treatment pumps and then every once in a while, when there's a lot of work in one particular treatment center, from cradle to grave in one center, do you do both of those all the time? Are you looking at the total, a large system in assessment and then looking across treatment, across all processes?

Suzanne:

I'm not sure I'm making my question clear. When you're doing...you've got your two teams working together, your capital asset management team and your operations team.

Sunny:

Yes.

Suzanne:

Are you doing both cradle to grave on each operation that we have, that produces water, especially our high end water? Are you also looking across all our systems, so that you are factoring in all the treatment issues or pump issues across everything? Is it done both ways?

Sunny:

Correct. It's done both ways, we have to look from the supply all the way to the meters.

Sunny:

The consumer meters are pretty much, almost, where our responsibility ends but it actually ends at the street itself. Let's say, we still have responsibility for the meters, so we look at dams, which is our source

of water. That's why, you see, the way it's divided it's for presentation purposes. The way we actually analyze, is all the way from supply and going to the meter itself.

Suzanne:

Okay.

Sunny:

Even though if you look at this, you're segregated just to put them in different budgets, it makes it easy for us to do this.

Sunny:

You can actually do both, you can actually take one treatment, Gaillard, from the lake all the way...Lake Gaillard goes from the lake, from the treatment plants. Then the pipelines that are supplying water from the treatment plants to the consumers, you can do it that way.

Sunny:

We can spread the budgets in that fashion, to look at soup nuts as to how it goes. What we have done is, we have broken it into the natural resources, we just look at the supply itself as one. We look at it both ways, but the way that the budgets are shown, you're right, it's shown as one budget for each of these.

Suzanne:

Yeah. I don't care much about how it gets presented.

Suzanne:

Whatever makes it easiest for you, I just want to make sure we're doing it this way.

Sunny:

Yeah, you're doing both, yeah.

Sunny:

As you see, you will see it because some of these things will be the East West transmission made, which supplies water from Gaillard all the way to New Haven downtown, further beyond and some of these spring street pump stations, which also addresses that.

Sunny:

What we want to do is, we want to take Lake Gaillard's water and push it all the way down. Then, what we also want to do is, take Lake Gaillard's water and push it to the Northern area.

Sunny:

Somewhere, close to Derby and all that, we want to push this water because right now it's served by well fields. So what we want to do is-

Suzanne:

It's served by what?

Sunny:

Wellfields. So we have, there is a north sleeping chain, south sleeping chain, all the well fields are there. We would like to have redundancy and resiliency into the system, where we can take water from the south and push it all the way to the north. One, is for growth, the second is to provide resilience.

Sunny:

We are doing it both ways because that's the only way you can do it. One is, to look at from Saltonstall, all the way from supply to the final designated point and to look at each of them as an individual basis, what needs to be done.

Sunny:

The sodium hypochlorite, going to the point, you're exactly right, pertaining exactly to that specific concern for that treatment point but, when you look at Whitney, you look at the treatment plant Whitney, and where it serves, it goes the other way.

Prem:

Okay. Suzanne, this is Prem here, I think what you're really asking is a source to consumption.

Prem:

There are specific sections on transmission pumping, you're going to see those products that ties into what the treatment is doing, there's a flow there, you're going to see that as well.

Prem:

Essentially a question is source to consumption, all the way through, from treatment to the delivery of the water to the customer, you're going to see that, it's coming up next, I just want to add that.

Suzanne:

Thank you.

Prem:

Yeah.

Sunny:

Yeah.

Sunny:

Lake Saltonstall, again, the same electrical upgrades.

Sunny:

Here we will combine this with the Gaillard Water Treatment Plant to achieve efficiencies, scale, contract delivery as well as cost optimization. We are anticipating the bid to go out in '23, we are now preparing the design at this point. Then, Chemical Treatment System improvements, floor and polymer

systems. I think this is an ongoing, I think this is an ongoing project. This is delayed due to the split chain issues, pumps sometimes the PLCs that go with it. So those are things that are pushing us into it. Then other ones, 200,000 pertains just to normalize to this treatment that comes in if we have to fix something right away, then that's the bucket that we normally use. There is some moneys allocated for it. Sometimes, I think most times we would use it, Rochelle will be able to delve better. We typically uses this in the past, I would say we have used it, I'm sure we would use it.

Catherine:

Yes. Yes.

Sunny:

Normally, I would say we would, there's valve that goes out and is some kind of a pump that needs an impeller to be fixed. So I'm sure the 200,000 is probably at the lower end, but I'm sure we will use it actually. Then the Ozone and DAF, this is a project that's again going on for a while and this is the PLCs where we are going to replace the IT, the brain behind the operations of these chemical systems and the DAF systems. Then the West River Treatment Plant's electrical and chemical systems. And this is another ongoing project that's from '16 onwards. It's going to continue to '24.

Sunny:

This is again, I think just to go back to [inaudible 00:59:25] Suzanne's question, I think this double ask question pertains to the contingency that we did not do in Fiscal Year '22 because of supply chain issues. So that's put into a separate bucket so we can actually get into it. So under the treatment, we also have the wellfields and the Well Rehab and these are all continuous process that we look at the wellfields and the Well Rehab. These are required, as I said, for all the Northern areas because we are still not supplying water primarily from our treatment plants. So the Northern areas are serviced only by the wellfields predominantly. So the continuous upkeep of these are required. We sometimes rehab the walls, sometimes there could be some panels that needs to be replaced. So all of these things get captured as wellfield facility improvements. Let's go to the next [inaudible 01:00:27].

Sunny:

These two pertain the treatment facility roof improvements. This is only for the wellfield, that's the 75,000. The plant graphics, the SCADA system, the Supervisory Control And Data Acquisition systems are old so we're doing an upgrade on the entire, I'd say, treatment plan graphics. This ill be tying up with looking at all the instrumentation that's out there across all systems and bringing uniformity. So the same data that is available across all treatment plants would be able to display. Our operators can either log in remotely or locally and operate the systems or they can operate it from [90 Sergeant 01:01:06] too. So those pertains to what I'd say all the graphic upgrade. So there'll be a lot of instrumentation, software programming upgrades, and some hardware upgrades as well.

Catherine:

And any of this pulled in soon or this was all part of the plan?

Sunny:

This was a part of the [crosstalk 01:01:25]. This is typically part of the plan. There is only the sodium hypochlorite is something that was not planned earlier that came up again.

Catherine:

Okay.

Sunny:

But going into the '23 to '27 window, you will see a lot more, I would say project speed [inaudible 01:01:42].

Catherine:

I would think so. [inaudible 01:01:45] go ahead.

Sunny:

Yeah. So the transmission and piping predominantly, I think it ranges the 27 projects for taking pretty much to all the piping improvements that go on. The capital pipe is about 3.5 million. There is about typically on this one is something that we are relooking at how to strategize this. We normally go with the American Waterworks norm of three failures. And then we replace that pipe, target that pipe is a replacement, but we want to use more artificial intelligence, machine learning to be more proactive. But that is something that Larry and I have spoken as a strategic initiative that we want to look at going forward next year. Because right now there's a lot of, AI and machine learning that's put out there where we'll proactively approach these pipes and address the issues before it actually breaks. So good.

Suzanne:

So you said three breaks and is there a [crosstalk 01:02:51].

Larry:

Three breaks per 1000 feet? We replace it. So as a result we have on aggregated basis, we average four breaks per a 100 miles.

Catherine:

Right.

Larry:

The industry average is somewhere around 20.

Suzanne:

I like getting an A versus a C, but is it, are we getting an A plus plus plus plus where we really only need a, B?

Larry:

We've really looked at that. We've looked at that several times, but I've asked the same question. Should it be four breaks with 1000 feet, five breaks? The problem is you then get into more maintenance and more customer how's? And we don't think that's really acceptable in our service area.

Suzanne:

Implications are?

Larry:

The implications are a lot broader and it's changing the metric.

Kevin:

Are we still ... years ago, we had this relining program that was put on hold at one point in time [crosstalk 01:03:41].

Larry:

Yeah. It's still deferred.

Kevin:

It's still, so we're not doing the-

Larry:

We're not doing cleaning and lining although all the pipe that we buy is long. So the pipe that we line, but we're not going through and replacing-

Kevin:

Or realigning old pipe.

Larry:

Realigning old pipe, but we have about 80% of the system, I think it's somewhere around 70% of the system, six inches or greater in this line. It was looked at when we can put this budget together, whether or not we should do it. We felt like that the system was still operating fine. That's really a water quality improvement issue and just helps keep your cleaner longer. We felt like we were doing fine right now. And given all the other pressures, just, it would've been another two or $3 million project [inaudible 01:04:25]. We opted to do defer it again.

Kevin:

And that doesn't have any benefit as far as breakage by breakage or anything.

Larry:

No, it doesn't. It doesn't affect pipeline. Yeah.

Kevin:

Okay.

Sunny:

We're just going back where we left off. I think we are looking at bringing in more technology to help us out to be more proactive, I think, which is going to be a change. And I think nowadays there is enough work, I would say, AI and machine learning that's out where we can really leverage that, not wait for this team. So in that way, by feeding more data into it, it's going to give us where breakages might have. So that is one of the strategic initiatives that we want to take off during 2023, to see where we go bring in, fill out a few people, I would say on the technology front, who are in the water utility sector and have

them come out here, do some demo for us and bring them on board if I [inaudible 01:05:21] that option. So we will actually re-look on how we actually even approach this capital by [inaudible 01:05:28]. Right now, it's based on the [inaudible 01:05:31].

Sunny:

So that's typical, but it doesn't include the feeding and lining as Kevin asked because we have postponed it. I think as of now it's 27, 28, we are kind of bringing it back into the budgets itself. The rest of it is this is pretty much related to they're all like placeholders. So to speak the 500,000 for connections related to, because when we do a capital pipe on the street, there's going to be associated valving and hydrants. And as well as the line's going feeding the homeowners. So those lines kind of have to be replaced if you are digging up the streets, putting in new lines. So the rest of them, all the valve replacements and the meters tie with [inaudible 01:06:17]. Okay.

Sunny:

So again, hydrants and connections, it's a constant replacement most utilities would actually look at the hydrants, older hydrants safety. They would take it out of the system and put in new hydrants and the pipe [inaudible 01:06:46] the good of service pipe. This is again, has been continuing for this is standard. I would say budget say numbers, which we allocates. The newer one is the Lead Service Line Replacement. So the half a million originally we are budgeting 49.7, but the 49.72 is something that at this point of time, we have done the inventory. You should be able to see a presentation on where we are in terms of the inventory, in terms of the present steps, what we are doing in terms of the future. I would say a roadmap as to how we are going to go.

Sunny:

That will be part of the Environmental Health and Safety. Committee, you should be able to see the presentation, which delves into more detail, but just for 2023, what we are planning to do is continue the inventory map management and also develop the communication. I would say letters, postcards, and things of that source to inform as well as do some testing based on what we need to do if there is lead what's the sampling that needs to be done, inform the customers of what's the sampling protocol is, and then also do some potholing where if we find the [inaudible 01:07:59] that service pipe, potholing is pretty much opening, a very small, I say six inch hole instead of digging a massive hole. So you kind of use either a hydraulic extraction or a vacuum lead extraction.

Sunny:

So in that way you create this so you're not spending too much money to look at the pipe itself. So the [inaudible 01:08:19] infrastructure, it's a technology that's been there for almost three, four years. It's not a technology word, it's a huge word. But even still, I think it's just a more fancier way of finding infrastructure where you're using pretty much a vacuum, either a [inaudible 01:08:34] or a dry back to [inaudible 01:08:38]. So it's not a technology per say, but if you look at the American Water Works magazine, it'll pretty much say it's technology. You can even define it as, so it's pretty much dry back or a [inaudible 01:08:53] back where instead of doing a big backhoe, you can excavate it, you have this advantage. This is one of the things that we looked at, right. So going back to your question, the Northern Service Area Expansion is something that we want to start.

Sunny:

Originally, I think we looked at, Rochelle and I looked at postponing it, then we again looked at it. I think Larry also kind of looked at it and said, "Sunny, what can we do this earlier?" Because can we, fund this sort of [inaudible 01:09:16] growth. One is for the growth as well, he said, "Can we look at the resiliency and redundancy because we'll be able to supply water from the Southern areas." We only have like two pump stations to kind of address some of these things, but the piping hydraulics isn't that great to push the water. So I think first phase of this year would be related to the study, the model study and see what piping improvements needs to be done in terms of the hydraulic infrastructure that is buried underneath to study what's the weakness in hydraulics and how do we improve?

Sunny:

Do we need storage tanks? Do we need to increase the size from 24 to a 36 inch? So it kind of looks at, so this year we have planned for studying what's existing and projecting the demands. And we are going to start. We just issued, I think in a way in the process of issuing the agreement to tie and bond to start studying the model, projecting the demands and studying the growth that could happen out there as well as develop what needs to be done. So the next phase based on the concepts, the next phase would be the design, but this was something that we pushed ahead instead of pushing it back.

Larry:

So this relates to our strategy of full sailing, more water and number one, and our Northern part and service territory, it's fed by wells and they're very starting to show the age. So this will help with that redundancy. But ultimately the goal is to let us wheel water through service connections, to other towns that might need it.

Catherine:

So we talked sometime ago about getting up here, was it 10?

Larry:

Yes.

Catherine:

To get to Southern to remember-

Larry:

Yeah, that's great. Correct.

Catherine:

And that was a million dollar project. And we were like, "Hey, we're a million dollars. Let's just go and do it." So what's the 12 million project is that one small pipe to help do a particular development and blah, blah, blah. This is a whole strategy about expanding our reach. And so it's different.

Sunny:

Yeah, it's different because it also involves studying from, let's say from New Haven up South.

Catherine:

Okay.

Sunny:

So [inaudible 01:11:24] water, pretty much supplies, only New Haven and the west of New Havens [inaudible 01:11:30] for the North. So for us to push the water through, there has to be hydraulic pipe blends that help us move the water all the way to Ansonia-Derby. It also ties in with future regulations that might fit us with the wellfields. So we are thinking with the PFAS, if the wellfield do show some PFAS in the future, because PFAS is something that we are not seeing right now, but say future regulations emerge where there's more stringent numbers being put on, the parts for trillion right now, it's about 20 parts per trillion.

Sunny:

EPA has about 70 parts per trillion. All the states are looking at various different options to see and examine what's the regulation that you need to bring in for PFAS. It's a very evolving dynamic legislative process that's going on. Even those factors too, I think they can be good to have our backup in case if we are not able to use the wellfields, if we get hit with the PFAS in the future. So it kind of serves our growth strategy, it kind of serves our resiliency and it kind of helps us to prevent any PFAS related issues that might actually emerge in the future.

Catherine:

Kind of depressing also. So our water's, it's getting polluted. And so-

Larry:

We have certainly more risk.

Catherine:

... we have to treat it.

Sunny:

Yeah. So this is something that we moved front rather than pushing it back.

Suzanne:

Sunny, I'm going to ask another ignorant question. Okay. So we're pumping more water North and those communities are served by wells. And I know it's not our responsibility, but how does this affect the waste treatment and does it that have an impact at all on our wells? Maybe we don't care, but it just seems like water goes somewhere and I don't know where it's flowing out of septic systems or whatever. I don't know what the waste treatment plants are in that area.

Sunny:

Right. So you're talking about the wastewater that emerges out of either going through bathroom and showers, whatever it is.

Suzanne:

Yeah.

Sunny:

See for New Haven, you have waste treatment plan, sewage waste treatment plan [inaudible 01:13:43].

Suzanne:

Yes.

Sunny:

Some of these towns may tie into ... they're are smaller towns, they tie into their entire sewer, goes to a pump station again. So they would tie into the neighboring towns, sewage treatment plants. So definitely there is what do you call as a mass balance at the end of the day? So you have so much of mass water being pushed and typically after use, there is about 70, 60% that goes out as waste. So that waste goes to a treatment plant, but definitely that is something that ... but for us impact is we are just substituting say one gallon with one gallon.

Sunny:

So one gallon of [inaudible 01:14:19] field water with one gallon of [inaudible 01:14:22]. So for us, it doesn't really make a difference because, and for the treatment plant too, if you're looking at the wastewater treatment plants. So I think based on per capita consumption and per capita disposal into the sewage system. So if you look at the per capita disposal into the sewage system for one gallon, let's say 0.7 gallons goes out as waste. It's still going to be going out as waste and they would've actually accounted for in the sewage treatment [inaudible 01:14:48]. So based on the population, typically it's a percentage of a population they put in 65 gallons per capita per day is what I think our typical standard is, not just New Haven across the US. It is 65 per capita per day is what we normally calculate for water use.

Sunny:

How that you multiply by a factor, then you get a sewage. The treatment plan is designed based on the population based on, I would say 0.7 or 0.6, whatever it is they use and the max, they peak [inaudible 01:15:19] come in. So they design the wastewater treatment plan based on it. So unless the population is going to expand drastically in these Northern areas, then the sewage treatment plan itself will not get affected to that greater instance. But if you're going to see the population explode from 10 to 20,000 and then your sewage treatment plant capacity will be a lot less to handle the new population growth.

Suzanne:

But one of the things I do know is that you have increase in population, increase in housing when the infrastructure improves. And so if we're improving the infrastructure, there is a chance that you'll have more building in yield.

Sunny:

Yeah, absolutely. So that's what I think money comes in where typically the top partners would look at the population growth and we don't really operate sewage. But one of the things that we look at is even for Northern Area Service Expansion, we look at the growth in terms of where the growth is happening. And that was one of the considerations, what we will study in terms of how much we should really project our future growth and what the pipe sizes should be. Maybe with today's population and the consumption, we could supply water with the 24 inch pipe, maybe for tomorrow, it may not be enough. So 20 years down the line, we may need a 30 inch pipe. So right now it's something planned for it. And maybe put a 30 inch pipe while we are doing the construction. So absolutely a very valid question.

David:

Part of the reason we were doing the $2 million small expansion was specific business, is a specific development was going on and there were 380 homes of the businesses that we were going to be able to capture. I think there was a five-year payback or something.

Larry:

Yeah. So think it was five years, right?

David:

Yeah. It came even less because that turned out to not have to go the [crosstalk 01:17:01]. The 12 million is because we are going to have aquifer regulations in the, not to distant future. That's going to limit the amount of water that can come from underground just as we had the water flows that were limited for surface water five, six years ago, I guess it was, we're going to have the underground once and a town to the North of there is significantly dependent on aquifers for their water. So they'll have the choice we're ready to go, or they can go to the town of the North of them, which is a big city municipality and more difficult to deal with. And so we might have an opportunity to expand and cover ourselves because you're hearing all the wells spending all this money on the wells. Eventually we may not be able to get as much out of the wells.

Catherine:

So are the wells ours, or, and the aquifer ours that you're talking about?

David:

Our aquifers will need to be protected, but there are some in some towns of the Northern area that this will connect to that are not ours, that are another [crosstalk 01:17:57] they're going to have to, exactly. And therefore they may be in need of [inaudible 01:18:04].

Catherine:

And so how ... this theme that you brought up so helpful, so, how are we cooking into what the State is thinking about its strategy for bringing in businesses and other kinds of things that are going to create these opportunities for development that could support what it is we're trying to think about with this $12 million investment?

David:

Well, I guess Larry would have to talk to your involvement with the State Water Council.

Larry:

Yeah. We've got a couple of different routes. John Hudak has been actively involved in the State Water Planning Council, and they've been looking at what the water supply needs that the State are also looking at that in terms of stream flow regulations, which is going to reduce the amount of water you can take from wells. They previously had, as David referenced and done that with reservoirs by increasing the amount of water that you flow over the dam. So he's been actively involved in that and has had considerable input within an is an incredible individual. Then Ted has been serving on the State, used to be called the Connecticut Economic Resource Center now, but it's the nonprofit that helps promote [inaudible 01:19:16] been on the board that until last year.

Larry:

So we'll look at getting it on [inaudible 01:19:23]. So we have input on economic development. I've also sent a position paper to David Lehman on why they should look at water supply and being a plus in terms of recruiting businesses. I've also talked to the City of [inaudible 01:19:39] Economic Development about using water as a [inaudible 01:19:45] to recruit to the service area and activate, they've actually gone out and recruited more craft breweries as a result of that discussion. So we have input it in a number of different ways.

Catherine:

Okay.

Sunny:

Just tying into the next one is Service Area Improvements, this is the East West Transmission line where we want to kind of take water from Lake Gaillard and move it much more efficiently towards the [inaudible 01:20:14]. The issue, what we have here is this is, this again going to the design of this right now. This was not part of again in the next five years, but we are now moving it to doing the design a little bit earlier. What happens is there's a lot of water quality issues. It's not a question of the quantity. It's more of the last. So if we push water because New Haven was originally developed, whatever 1800s. And if you look at the piping network, it's a big cluster of pipes with pretty small diameter or big diameter. So it wasn't planned as we are planning now.

Sunny:

So whatever happened, developments happened at the time the pipelines were laid out and what's happening is when we pushed the water, the quality we can push through. But the velocities, which we push through creates a lot of turbulence. So when it creates turbulence, it automatically becomes a water quality go back. So this ties into Catherine's point. So the water quality becomes an issue when we start pushing water in. So this is a major one where we want to do improvements, where there is both hydraulic bottlenecks, as well as water quality issues, which we will address by doing this East West Transmission Main.

Sunny:

So it's not that we cannot push water, it is that we want to push it more efficiently into protect water quality, as well as we will have more water than we need. So this is something that we advance [inaudible 01:21:36] in the recent iterations of going through both pressure. And I looked at, we kind of said we bring which we did not bring. So these are some of the things which we think are critical for us to supply water to the areas where we need them the most.

Catherine:

So this is a ... This $160,000 is an annual cost.

Sunny:

No, this is going to be only studies at this time design modeling.

Catherine:

I see.

Sunny:

Right.

Catherine:

Because that's, going to say that's kind of a small number.

Sunny:

Yeah. It is a small number. Yeah. At this point of time, it's a yes, modeling, hydraulic modeling and is kind of developed alternate.

Sunny:

Somebody said, I think it cost $20,000 or something [inaudible 01:22:18], 20,000 in 1878. So if you are somewhere close to that year, I think, and 160 would be [inaudible 01:22:27] construction.

Speaker 12:

I don't know about a pothole, but 160,000. It's about what it costs to do one of those tables, those speed tables, which is a ridiculous amount of money, but whatever.

Catherine:

Yeah.

Larry:

And we should get that business soon.

Catherine:

I don't know. I don't actually like them plows, tear them up in one year.

Sunny:

[crosstalk 01:22:50] the piping going to move a little faster here, but anyway, [crosstalk 01:22:55]. Given [inaudible 01:22:55] of time, the Pipe Bridge Rehab, this is pretty typical [inaudible 01:22:56] find structural deficiencies in any bridge crossing, we address that it's a placeholder at this point of time, the type of projects that come up, is something that we look at if DOT is kind of bringing it to our attention, or we look at it and say, the Pipe Bridge needs to be prepared. We do the structure of efficiencies and we address it and we fix it. The next one is the big one, the Ansonia-Derby, which you've been hearing it from 2009. So it's a long time back and it goes back to, [inaudible 01:23:25] sunny days.

Larry:

It is. It is.

Sunny:

But good thing is in the last two months, I think we finally got the letter from the assistant commissioner. So great, I would say bottleneck crossed, so hopefully fingers crossed and you will hear a little bit more about it then we give the update. So it looks very positive. We want to bring the contractor start working on the construction activities, hopefully this May or something like that, award

the contract, give the notice to proceed and have him bring in there. He seems to be pretty excited to get on board. The contractor was originally awarded in 2020 March, but we'll give more about it as we go. So I won't take more time. The Saltonstall Ridge Tank Power Vent that were disinfected byproducts that typically when there is a treat of water going back to, I would say, Catherine's question on disinfection.

Sunny:

Typically, if you let the water sit in the tanks for too long, a period, it develops what we call as DBPs Disinfectant Byproducts. So those are not entirely very healthy in terms of, because the chemical composition of it could be toxic. Okay, what we call this carbon tetrachloride, CCL4, CHCL3, whatever it is. So the chemical compositions can be avoidable and we keep the water that's why is circulating. And it's very critical that you keep the water moving in a pipeline. So even if you see any blind alleys, where's, cul-de-sac, it's very critical that you keep the water moving or you flush the hydrant so your water moves. So any water, stagnated water develops this DBPs. So to avoid the DBPs, that is a vent, which wasn't functioning that efficiently, but now it's a power vent to address the water quality issues for DBPs.

Sunny:

This is again, which we are looking at. The North Branford Tank Structural Improvement was originally planned, I guess, sometime back, but due to capital, [inaudible 01:25:17] such efficiencies. We are again, looking at it and saying, "We need this North Branford Tank for resiliency and redundancy, because it's all the way to the Northeast and edge of Branford. And if you lose that, when I looked at the hydraulic model, we can still feed it, but it's not the most optimal way to feed it, but still, I think that'll be a lot of hydraulic issues. I won't be able to feed the water at the required pressure. We would just feed the water, but I don't think it's going to help out in fire and all that.

Sunny:

So I think this is a clinical project that we need to address, and it helps our resiliency and redundancy for those areas. The VFD program. We look at the VFDs, the standard program, which we do, and if there's some VFDs Variable Frequency Drives, which controls the speed of the pump itself. So based on the quantity of water, we can actually control the speed of the impellers. So the impellers can be 2000 RPM, 1000 RPMs. So the variable frequency helps us kind of adjust the speed so we can pump the water as we need.

Catherine:

And the North Branford Tank is expanded or new?

Sunny:

It'll be a brand new one, which you'll have to build. This existing one will keep it.

Catherine:

I'm just saying, it's a new project on our plan or an expanded project on a plan?

Sunny:

No, it's going to be a new project on the plan.

Catherine:

Okay. Thank you.

Sunny:

The Critical Pump Station. Again, this is an ongoing thing which we look at all the essential confidence. This is going to be there continuously because this evaluation has to be done going back to your earlier question. This is a continuous evaluation we do of all the critical assets and see what needs to be done. So some of these things, we have identified valves, motors and all that then going to the second bullet point here, Spring Street Pump Station. This is a again ...

Sunny:

Then going to the second bullet point is, Spring Street Pump Station. Again, this is one of the major pump stations that's out there, that pushes water to Orange and Milford. And these pumps are almost 50, 60 years old. There's four pumps and they are extremely old. And when I looked at it in the last two weeks, I get the feeling that these things should be replaced, okay? They're old, they're functioning still. One pump runs, and I think the rest, there are three backups, but still they seem to be, I would say, going back to decades old. So-

Suzanne:

So the feeling is driven by time?

Sunny:

The feeling is driven by the condition of the pump. The feeling is driven by the resiliency issues, because I haven't checked the flood plain map. Because when I was just going and visiting the pump station, the pumps and the genset, all sit on the street level almost without any higher elevation. So, if there is a chance of flooding, then of course we are going to lose this pump station. If there was... Whatever I would say, if that happens, it would be a very critical asset for us to lose, if we don't really do anything to add resiliency. So, the ideal way we are looking at right now is keep the existing pump station, build a brand new one at a different place. So, there is two pumps, we can use the new one, but at the same time keep this as a backup in case if something happens. This is something that we are actually, looking at very seriously and they just want the pivot moved ahead then.

Larry:

And that's a critical pump for certain. West Haven, Orange and Milford.

Sunny:

Yeah. Anything to the west of New Haven.

Larry:

And if that one ever was to go out. Wow. And there's no redundancy to it. So if it would ever go out, we would really have a huge customer impact.

Michael:

Is this the one that we've been hearing about? It's in a really, really tough location? And that's why you might [crosstalk 01:28:47] because you know, I know I came in the middle of it, so.

David:

All right.

Sunny:

It's pretty landlocked. There isn't much place to expand. And my thought is not to do anything to the pump station itself or build a redundant one. So use the new one for feeding it. So this will include... This $200,000 is going to be for studies, land sighting, real estate, modeling the whole, I would say...

David:

That's a creative solution because it was going to be a real nightmare to work at that space. [crosstalk 01:29:13].

Sunny:

It's not they have the [inaudible 01:29:15]

Sunny:

Yeah. It's so tightly packed. I was there, I would say a couple of weeks ago. And I said, this is, there's no way we were putting in one more one because you have to put the generators too, and everything is so tightly packed and there's no place to expand.

David:

I like creative solutions that we can get.

Kevin:

If that stays in the system or as a backup, is it possible to just elevate it? If it's in the flood zone without a tremendous amount of work and effort, just sort of lay it down.

Sunny:

Michael, it will require a tremendous amount of work.

Kevin:

Oh, Okay.

Sunny:

Because what happens is there is a basement where, I would say you have the piping infrastructure. So all the pipe gallery is downstairs.

Kevin:

Certainly.

Sunny:

The pumps are, I would say at the street level, but the piping gallery is downstairs.

Kevin:

Okay.

Sunny:

So certainly I think, you can do it, but it wouldn't be the ideal way to-

Kevin:

Do it. Okay.

Sunny:

The Raynham Hill, again, it's a very old pump station. This is one of the things that I have a picture on my phone, but anyways, you will never see... Yeah, it's a gas engine driven pump. I'm not seeing that many gas engine driven pumps and it's still there. It's part of the developer who did this. He put it in and I guess he kind of, I'd say, gave it to us, we are running it, but there is a new twist to it where I think there is another developer who's doing, who is going to develop another portion of the property, right adjacent to it that goes downhill. So, the elevation difference is massive. So from the street, I'm guessing it's Townsend, if I'm not mistaken that street, the cross section where Raynham Hill and Townsend.

David:

What town?

Sunny:

This is, this is...

David:

East Haven?

Sunny:

This is actually on the cusp of East Haven and New Haven.

David:

Okay. So then, yeah.

Sunny:

It's not exactly. I think... I was asking the same question too, does this fall on East Haven, because I, say, drove through Townsend, the border for East Haven starts, but I wasn't sure exactly how the border kind of... But I guess this is the new Haven. If I'm not mistaken, okay? It's right at the cusp of [crosstalk 01:31:01] I'm not a New Haven geography guide. So, but the Raynham Hill sits at a very high elevation. So this is for the entire development data and the development is, I still fear, high actually. So this is an engine driven, I would say, pump, which is very rare to see. So maybe one of these days, like we'll pass the pictures up. And we're going to redevelop. This entire thing has to be rebuilt, but $350,000 is for evaluating, sighting. And I believe we have started discussions from what I heard from the engineering group, they're moving on to the option of talking to the new developer to see whether he can give the space, right? And Townsend itself, where it'll cover a lot of those area.

Sunny:

Next one is just the standard one where we do chemical treatment mixing. I think it's premise slide. I'm not sure about that. One more plant, general plant.

Prem:

Okay. So am I going to be talking here Sunny? Is it the plan?

Sunny:

Prem, It's yours yeah. I think I've spoken enough.

Prem:

Thank you. Because once in a while I'd see the voice going in and out, so I'm trying to make sure. So at very high level, we have compared this to our 10-year model and as you know, while we came slightly incremental, the $3.9 million is the overall budget for the general plant for fiscal 2023. A couple of highlights. I know, Larry mentioned it and then Sunny mentioned it for Work and Asset management solution. We're looking at doing some foundational work. So while the $350,000, that's in there is basically to make sure that we are able to enable the Work and Asset management roadmap. A couple of critical projects is some integration of GIS, as you know. While we have our vertical and horizontal assets, we are mapping those to the GIS systems. So our crews can actually see it, right? So visualize it. That's one of the projects, critical ones. And also along with it, we have other foundational projects. So again, this is overall $1.2 million in total to start with, but the initial budget is $350,000, for fiscal 2023.

Prem:

Business enhancements. This area was deeply cut if you will, especially with our strategy on SAP. As you all know, we are going through a CIS. So we cut the budget. We just left $10,000 for some minor enhancement work. LIMS, again, as part of our growth perspective. And as you know, we had put in this system last year, so we are looking to do some enhancements so it could support growth. I'm sure you're going to hear more about our acquisition, et cetera. So this strategy is to really make sure that we invest so we can actually expand this for other test, if you will.

Prem:

AMI is kind of almost to the closure as you... And if you could imagine the many multiyear project that we had, this is just a small, minor enhancement for AMI and the meter sense side, not related to deploying meters, but more focused on meter sense. So a small enhancement there.

Prem:

Innovation, you remember me talking about center of excellence we have, for center of excellence team. So what we looked at doing is, some of the products that's going to be pulled in for this year's fiscal 2023 is our innovation bucket. I know Sunny mentioned about the machine learning. You heard about that and we are looking to do some of the work on the asset management side. So small dollars there, $50,000, but we also have, as a part of our lead service line project, we have, capital budget for technology as a part of that program. So we're being very careful of how we bucketize these money.

Prem:

Again, sales and marketing, customer channels. As you all know, we are putting monthly billing in place. Now we are going through some of the portal, the mobile application deployment, et cetera. So this is

an incremental to really keep us going forward on the customer experience side. Again, this will also being impacted based on the CIS system that we select. So we've been very careful that we don't end up spending on the SAP technology. If that's not our direction, as you are aware of. We'll talk more in our executive session for specific to CIS project. Again, small dollars for business analytics. It's not really a lot. We are putting what we call as Power BI for some of the analytics work that's going to help the teams. Again, very specific to use cases we have found across all the COEs. So, really making sure that we're putting the money to the right use cases there. So these small dollars there.

Prem:

Very quickly browsing through the SQL upgrade. This is the database upgrade. It's a must have otherwise our customer, our cash register will stop working. So this is a project that's critical. We had originally had $170,000, but with all the negotiations that number had come down to a $100,000 dollars and I expect it to be even smaller than that. But it has, as we talked about contingency, there is 10% contingency in every one of these buckets.

Prem:

Cyber Security Enhancement, no change there. This was part of our plan, as you saw, you have seen the roadmap in the past. So we'll continue to invest there to make sure that we are secure.

Prem:

Data center life cycle very quickly. If you remember last year due to COVID impacts, we reduced the number to $400,000. Again, we had to take a hit. Typically, this budget was like around $650,00. This is to really replace all our technology, if you will, and our desktops and laptops et cetera, and then really making sure that we can keep our engine running, so if you will. So this year we'll be looking to do $650,000. That includes all the hardware and software upgrades.

Prem:

Last but not least. We have our commercial. As you're aware, we did put in a commercial business solution in place. This number was $300,000, but we brought in a lot of efficiency in terms of the project. So we reduced it to a $100,000 for next year, but we will continue to invest just as a precursor, if you will, we have launched wealth services. You're going to hear that in our meeting specific to commercial business committee, but long story short, we are really looking to progress through so we can introduce new products and services. So some enhancements there as well. So this will cover that enhancement. So, that's the long story short. Any questions for me from any of you?

Suzanne:

Yeah. Prem, I have a couple questions.

Prem:

Sure.

Suzanne:

So on the Customer Channels, Sales and Marketing, one of the things that came up in one of the RPB meetings where you were making a presentation was this concept of, do people really need this high touch customer service in a water authority? Meaning I turn the tap, my water comes, it's clean, I'm

happy. Right? So do we need to be able to go on our app and do this and find out the latest, greatest of our usage and this kind of stuff. So in a year in which we're increasing our capital plan by a significant amount, is this the year for that? Which seems less urgent less... And I know, I may be wrong about how urgent it is, but it made me think about it when we were in that RPB committee meeting.

Prem:

Yeah, no, I think that's a great question, Suzanne, right? So, interesting enough based on not just that meeting, but even before that meeting, there is always this conversation of board, what is it that customer want, right? So the good news here is that the $150,000 that you see in there, it is not very specific to, in terms of putting our technology in place, if you will, in the sense, if you look at what we have done so far, right? And if you look at our customer segmentation, there are customers who do not care. They just want the bill to be low. And there are customers who actually, who want to be able to do everything in one place, right? So what you see in the dollars there is not to introduce new technology, spending this big amounts of money rather is to integrate what we already have, right? So we're enhancing the things that we can actually integrate. So, that's where this $150,000, and originally this number was way higher. We actually reduced the number to 150. We cut almost 50% on the number. So-

Suzanne:

Reading this correctly, so you're budgeting $150,000, not $1.5 million.

Prem:

Oh yeah, exactly. Yeah. Oh no. 1.5 is the overall, for the entire plan. It's just 150.

Larry:

Over the five years or over the six years.

Suzanne:

Oh, I see.

Larry:

But, there's also a spillover effect, Suzanne, at least the way I view it, because obviously as a utility, customers have to use our water. However, the spillover effect is they have the option to choose pipe safe from us, or they have the number of vendors outside. We will be getting into residential water testing, that's a strategy. They could choose to use us or somebody else. So the thinking is that as long as we can provide a customer friendly solution on the water side, it may prompt customers to buy other services from us down the line, as we expand the commercial business.

Suzanne:

Okay. Well, and I look forward to how that actually happens from the customer user point, how they're using the customer service investments we're making today brings those services to light or is it just, "Oh, I like the regional water authority."

Larry:

Yeah. It's really-

Suzanne:

And therefore we think they'll buy it from us.

Larry:

Yeah. Well, it's some of that, I mean, obviously reputation, but it's also making, doing business with us easier. Though that's kind of that like, oh yeah, GE, they just might say, "I like the regional water authority. They're easy to do business with. So, I'll buy that"-

Suzanne:

From them.

Larry:

...and at least that's the philosophy.

Suzanne:

Okay. And then the [crosstalk 01:40:04] data and the data center life cycle replacements, is that... Generally, do you spend 650 a year?

Prem:

Yeah, that's exactly right. As a matter of fact, last year, Suzanne, due to COVID and budget constraints, we cut it down to $400,000, which kind of made the problem even worse, right? So typically we spend 650. So this year we are trying to accommodate that. And fortunately, we were able to have some long term contracts in place last year. So we kind of worked it out, but typically that's the amount we spent. If you look at our 10 year cycle every year we've spent around the same amount.

Larry:

Right.

Prem:

Yeah. Good question. So, I think Sunny, I'll give it back to you here.

Sunny:

Yeah, sure. So the SCADA upgrades, again, this is an annual program where we look at it and say what SCADA needs to be done, software, any other, I would say improvements to it.

Sunny:

The fleet, I think there's two major things which is going to be the No-Des flushing truck and the Wachs Gate truck. I think the rest of it is, be it the No-Des flushing truck is going to save, as I would say, energy, water. When you flush the water lines, you have this truck where it has got its own filtration units. It has got its own... You can actually add disinfection, if you want to. One side of it, I would say the suction side of it ties into a hydrant. The discharge side of it ties into another hydrant. So you flush the water through this closed loop. So you clean the pipe at the same time, the water is not wasted. So typical flushing programs, you would actually waste the water, but this No-Des stands for, I think if I'm right,

neutral output discharge elimination system, right? So I mean, Jim can correct me if I'm wrong, but I think Jim would be an expert on this. But anyway.

Sunny:

But I think what happens is you save energy, cost and efficiency. It requires almost two people or three people to run this. So there's a lot more efficiency. You clean it much faster. So you take the truck, connect to hydrants, you flush the lines.

Larry:

Can you even flush your ground?

Suzanne:

I don't think $725,000 is worth it because, their cost, if you don't use a truck like this is-

Larry:

Well. I mean, first of all, your ability to flush the system, which is key for not only water quality, but also in areas where we have dead ends, your disinfection byproducts grow. And so this will help us be more aggressive in terms of overall system flushing. Because right now, we do maybe as much as 25% of the system per year, we could do more, more with this than that 25, 22.

Suzanne:

Can it [inaudible 01:42:35].

Larry:

I don't have the answer to that. I don't know whether Jim does or not, but-

Suzanne:

I'm just trying to figure out if $700,000-

Jim:

And there's room-

Suzanne:

...is worth it.

Jim:

There was actually a business case-

Jim:

There's no waste of water.

Larry:

No waste of water too, right? That's Jim, that just answered.

David:

Jim, what was that?

Jim:

There is no waste of water. We typically would waste upwards of 9 to 10 million gallons of water.

Larry:

A year.

Prem:

It just goes back to the system.

Jim:

There was a pretty extensive business case that was done that I remember Jim's team was working on to validate that this was worth it.

Jim:

If you're wasting water that also create a problem in the winter.

Larry:

That's why you can't do it because of the freezing.

David:

That's what I was thinking.

Larry:

This will allow it to be, that's what will allow us to do that almost year round.

Jim:

It will also reduce the number of dirty water complaints, discolored water complaints, because the truck is filtering out everything through the entire process.

Prem:

That's what I love about because low calls into my call center, right?

Suzanne:

So this is one truck, whole system?

Jim:

Absolutely.

Suzanne:

We're going to have some crazy graphics on the truck saying regional water authority?

Prem:

Well, that's the system.

David:

We discussed about this.

Larry:

The gate truck will help us exercise the bows as well. So we're doing it rapidly.

David:

...where it is one of those buses hilarious [crosstalk 01:43:55].

Larry:

Maybe I'll become the water doctor.

David:

Yeah. But can you rent it out to other-

Larry:

That depend upon, we have availability on, but that is a possibility, as matter of fact, [Verion 01:44:13] would be interested in that, but we'd have to balance the need of our system versus-

David:

Of course. Yeah, I'm just curious.

Larry:

Yeah, It could all. That could be done. That's one point.

Larry:

Peter park rally with cards.

Larry:

Commercial purposes.

David:

That's right. That's right.

Larry:

That's good idea. Probably, we'll pay for them with one less customer service. We'll have [inaudible 01:44:33]

Prem:

Exactly.

Sunny:

This is just, I would say, kind of the five-year average and it multiplies like for the five years, but I think there'll be more on the executive session where we will actually split these projects and programs. I think I'm running late. So I'm going to kind of, I'd say, keep quiet. Go ahead.

David:

The numbers that we really need to look at will be updated with-

David:

You'll have different scenarios in the executive

Sunny:

[crosstalk 01:45:05] So the next,

David:

Okay,

Sunny:

So this is just a capture of what we spoke about. I think it is just a summary sheet, pretty much. Prospect dam, the Peat Swamp them, which is not covered here, which is something that we will look at, okay? But the rest of the kind of maintenance activities, which you saw with $200,000, $150,000 pertains to these things, but Peat Swamp is something that we will have to look at going down every, say 27, 28. Depending on the capital, I would say if money's available, we may actually move it up. Right now, it's just a dormant dam. We're not using it for any purpose. So the treatment, transmission, we touched everything. I think general plant, we just touched.

David:

Generally speaking,

Sunny:

Please can you give me the last slide?

David:

Sorry, Sunny.

David:

Generally speaking, are there other dams that don't serve the water system in addition to Prospect dam?

Larry:

Yeah, Peat Swamp is one-

Sunny:

Pete Swamp is one.

Larry:

...that does not, and we actually had a project proposed to do the same thing to add a new revenue with prospect several years ago. And because it's not active, we actually decided to lower the [inaudible 01:46:12] any sort of a risk there. So that might be something that we could get to the state as well, have some long termers.

David:

Long-term books.

Larry:

And that would all have to be evaluated in terms of our 50 year water supply plan.

David:

Of course.

Larry:

Great to know.

David:

Would they ever be used in the future at all? Is any possibility? Okay, just curious.

Speaker 13:

Is that currently a recreational facility now? I don't remember it being on the list.

Sunny:

It's the Prospect. Peat Swamp, no, no.

David:

Thanks. [inaudible 01:46:46].

David:

It's just a comparison.

Suzanne:

I didn't know for sure so I didn't-

Catherine:

I thought it was just me.

Larry:

I was too busy.

David:

You're comparing it, what it looked like a year ago, the expectation-

Larry:
The 2021 model, I think you'll be able to see a better idea on the executive.

Speaker 14:
We're going to label this out.

Sunny:
I think she's got a [inaudible 01:47:04], I would say informative.

David:
Well, That's fine. Okay.

Sunny:
Which goes into details on why the impact is or where the deltas are coming from.

David:
Right.

Suzanne:
Which aren't very big from the 10 year model.

Sunny:
We don't deviate too much from the 10 year model actually.

Larry:
Yeah.

Sunny:
I mean there is... And there's going to be some cost impacts for sure with related to the last two years of inflation because the pipe itself per linear foot from 21 to 22, we're almost seeing a 50% jump, okay? So I just looked at the numbers yesterday, six inches was almost $250 bucks a linear foot today it's $350 bucks a linear foot. 30 inches goes like crazy numbers, 30, 36 you're looking at $350 to $750 or something like that. Almost two times an increase or two and a half times an increase.

Larry:
Wow.

Sunny:
And HTP forget it. With today's gas prices, HTP is not even I'd say, all I'd say anything related to plastics and polyethylene the prices are just astronomical.

Suzanne:

And just on the note, do we think that's transitional or do we think that's permanent?

Sunny:

It's going to be, I would say at least for... From what I hear from the industry, when I meet them, I would say most of the people in the seminars, all that, it's going to be their effect, it's not just very, very, I would say near term, it's going to be a short term by the time I would... We get through this entire, I would say supply chain, I would say, issues. It's going to last for the next two or three years, for sure. And I constantly hear this in all the industry meetings and seminars that here everybody's going through same time that it's not going to be the next 12 months, we're good to come out of it. It's going to be a broad based impact unless you know, something really, I would say drastically happens where we manufacture everything back. And that's going to take time, capital, investment, factory.

Sunny:

So it's a massive, I would say investment that needs to happen. I would say at least short term, we're going to see it. 10 years span, I think it'll get better. Three to five years. We're still going to see remnants on this.

Sunny:

There should be that.

Larry:

And that's summary. So I think you can see that we've in this particular budget had five year plan. We've incorporated projects that are absolutely critical, thoroughly vetted those internally to determine whether they were necessary. We have an aggressive program of seeking grants and full cost funding alternatives. So, shell feeding that effort works with Sunny and April's group. And we've had some successes that you'll hear about. We've taken into account the GHD recommendation, increasing investment in pipe and pump stations and some of those other critical assets, as well as the recommendations on replacement of vehicles, which stretch that out a little bit longer than what we [inaudible 01:49:41] and the asset management plan will help us get even better at predicting which capital needs, which infrastructure needs to be replaced and for predicting [inaudible 01:49:50]. So I think we've got a solid capital program, despite it being a little bit higher than what we had originally planned, but you've seen, there's not a large Delta of getting the large projects that we've had to include project and in this budget.

Suzanne:

So is the growth of the budget due to pandemic, slow down of projects, increase in inflation cost of materials, [inaudible 01:50:20] a more exhaustive and evaluative evaluation again from source to meter across the board and the addition of some innovation and thinking forward to resiliency in a way that we haven't thought before. Is that essentially-

Larry:

Yeah. I think generally, I'd say yes to that.

Suzanne:

Okay. So, is there anything you're leaving on the table that you're like, okay, their heads will pop off if we go another something, but it's an important project?

Larry:

Yes. I didn't know there was an executive session.

Suzanne:

Okay.

David:

Well, let's just notice, we'll talk about those in... Let's assume that we do those three and... What else?

Suzanne:

Right.

David:

Answer her question separate from that. If you wouldn't mind because [crosstalk 01:51:09]

David:

I mean, if you have another 20 million and we said, oh, the money doesn't matter because somebody beque us a lot of money, like... Right, right. You know-

Larry:

Well, I think we have generally included those critical projects that we have that we think are absolutely necessary to initiate now [inaudible 01:51:24] forward. So, I think we've captured those critical ones. There's always more you can do because the infrastructure appetite for water utility is endless, but I think we've captured those that are absolutely critical in terms of larger project. And the others are just a form of replacement or upgrades that we need to do.

Suzanne:

Okay.

David:

Can I ask a question?

Suzanne:

Can you not lose any sleep over it? I mean that, I know that's not a fair question, but something that's like Jewish, should we put it, [inaudible 01:51:55] it's bugging you besides the stuff we're talking about.

Larry:

Yeah. Always good for sales.

Suzanne:

Okay. All right,

David:

Right. Honesty. That's a [inaudible 01:52:02]

Suzanne:

Well, it's [foreign language 01:52:02].

David:

Yeah.

Suzanne:

Okay.

David:

Can I ask the converse of that? What if we said GE you know, I know we said the 10 year model was fine last fall, but let's cut it back, we're getting a little nervous. Could you cut out $20 million without being worried?

Larry:

No, I'd be extremely worried if we cut out $20 million because projects that we had in here are critical in terms of infrastructure, either reducing redundancy or reducing risk moving forward. So, and to continue the quality of service that we continue to provide. So I wouldn't be comfortable cutting out that large of a project. If you said, you've got to reduce the budget by some number we could, there's probably, a hundred thousand, few hundred thousand, maybe a million dollars here and there, but it's not going to be anywhere near that size.

David:

So for another great hill tunnel gate, you would have to add that to-

Larry:

Exactly.

David:

He would not be able to say, all right, well, we're going to displace this 15 million to cover that.

Larry:

That's right.

David:

Okay. Which we did that year.

Larry:

So, we did that for like a year but again, we kicked the can down the road once and on some things. We had a CIS project in that particular year, as I recall, it was kicked down the road, Whitney dams been on the long-term plan for years.

David:

Yeah.

Larry:

And it has finally come to a point where we said, we need to do that [inaudible 01:53:17]

Larry:

And did we regret kicking it down the road?

David:

We didn't have any choice at that point.

Larry:

At that point, we didn't have a choice, but the good news is that in that interim, we said, we're going to kick the CIS for instance, down the road, because we got this other project that's critical. However, we knew that we were going to be hiring Prem. We said, well, let the new VP in charge of that area, evaluate what we need. So we actually kicked down the road because of the emergency, as well as to have another individual come in and evaluate what our [inaudible 01:53:48]

David:

And so we didn't have a catastrophe because of it.

Larry:

Correct. We did not.

David:

Great.

David:

And I think-

Jim:

If I could add one thing.

David:

Sure. Jim.

Jim:

If I could add one thing, we look at risk and consequence for every project when we're putting together that 10 year model. So we factor that in as well.

David:

Yeah. All right. Thank you. That's a good perspective to that we hear that.

Prem:

And if I can also add one more thing, David, right? I think, this was brought up. I know Larry, mentioned the board that we kicked, that's example of CIS, down the road so much. I think we're at a point where we can't kick it anymore because it's going to stop working in 2025, right? So I think we got to do something about it now. And I think, you asked the question too, in terms of, can we do something differently. So one thing we did consider on the risk and consequence, and also on the length of the project, we tended down, especially for 23 and 24, because the capital is so intensive. So we spread the dollars across. So we tried to do all that and we also had put six different alternatives on the table. So we'll talk about it more. But the point is that there are, these three projects are... Of the three, CIS one and, I know of the Whitney one was another one and there's the building project. All three of them are critical, right? And, CIS, we can't really kick it down the road. So, that's one of the perspectives too.

Larry:

Got it.

David:

I think we're ready to get into the executive session portion because it's capital related and that's slightly out of order, but I think I'd like a motion to go into executive session so we can discuss the negotiations and reasons for... [inaudible 01:55:23] The reason is-

Larry:

[crosstalk 01:55:24] Negotiations of real estate matters.

David:

And security.

Larry:

Yeah. And security.

David:

I mean, I know that's a reason now and that's definitely-

Larry:

Yeah, absolutely.

David:

All right. If someone would second?

Suzanne:

Second.

David:

Second. All right. All those in favor, think about this.

Suzanne:

Are we inviting-

David:

Thank you. Yeah. I was just going to say that. We're inviting the senior executive team because the three projects are all needing their inner regulations and Jennifer as well. Right. All-

[AUTHORITY MEETS IN EXECUTIVE SESSION FROM 10:23 A.M. TO 11:40 A.M.]

Larry:

... Growth fund, which is discretionary. We've continued to add to that, so that it's puts and takes is at about a little over $5 million. And the July transaction with Roach, as well as our commercial billing capital project, has been funded out of the growth fund. So that's that [inaudible 00:00:23] million deduction there. And we anticipate, at year end, that we'll be able to transfer additional money into the construction fund, as well into the discretionary fund. So we're in a very strong financial position, which is what the credit rating agencies really take a hard look at to make sure that we have enough to meet debt payment. And we've got more than enough to meet debt payment to the creditors there. So a lot of hard work on the part of lots of people and the support of both boards.

Catherine:

And just quickly, what's the KPI on this? I know we're meeting the minimum [inaudible 00:00:59] KPI to meet a higher standard. Refresh my memory.

Larry:

Well, the debt agencies, all they're focused primarily on leverage.

Catherine:

Right. And so what [crosstalk 00:01:13].

Larry:

And do you have enough money in your various reserve funds to meet your debt obligations.

Catherine:

For how long?

Larry:

A time limit on there. I think it's just at any point in time.

Rochelle:

Yeah. So this includes required funds. Operating reserve is a required fund. Debt reserve is a required fund. Capital contingency is a required fund. Pilot and debt service.

Catherine:

Right. I'm sorry to interrupt you, Rochelle, because I don't want you to have to explain a whole bunch of stuff, it's not what I'm asking. So what I'm asking is, when we look at these funds, is success that it's higher than the minimum? Is it success that it pays our debt service over a certain amount of time? What is success?

Larry:

Well, success, in my mind, is that we're, A, higher than the minimum for the reserves.

Catherine:

Right.

Larry:

And we have these other discretionary funds that give us additional flexibility to weather a storm. Because in 2009, rate stabilization fund was basically the only thing we had, was $7 million. In two years, we reduced that to less than three.

Catherine:

Right. So I agree with you on the importance of all this stuff, and what they do. I'm just wondering if we have numbers, or percentages, or thresholds, that we say is success on an ongoing basis? Or is it just it was more than last year? Or...

Rochelle:

Rate stabilization fund, we do target at 10 million. And that's what Larry was saying. Because the rating agencies have gotten used to that, and they even report in their credit rating, that they like to have three years. That we could weather like three bad summers.

Catherine:

Right.

Rochelle:

Bad summers. The general fund, over the last several years, we targeted at 10 million. It is over. And one of the comments about the prudent year-end fund transfers, you might recall that at the end of fiscal 2020, we put five million into the general [inaudible 00:03:12] are very concerned about the impact of COVID. The general fund could be used for any lawful purpose, and it could be moved. So we already moved to mitigate rate increases. We already moved three million of it at the end of '21. And we'll be talking, depending on how we end fiscal '22, about whether, for example, we might approve some general fund money to the growth fund, or another fund. The general fund is currently, what I would consider, over the target, gives us flexibility.

Catherine:

Okay. All right. We don't have to figure this out now, but it might be worth having some more specific goals for each one of these, at least that the board understands. So that, '21 looks great in the debt reserve fund, is it great? It's over the minimum. It's this. What makes it great? That's all.

Speaker 1:

Is the debt service reserve fund, the minimum, or the requirement, set forth in the indenture?

Rochelle:

It is. But for the debt reserve fund, we are currently over. And that allowed us to do, when you include the sureties, and that allowed us, for example, to be able to do that current refunding that we did, because we didn't need the assured anymore.

Speaker 1:

Right.

Catherine:

Right.

Rochelle:

So that, again, gave us some flexibility that we wouldn't ordinarily have.

Catherine:

Right. That's a great example of that. And that fund, dictated by the enabling legislatures, what you're saying, it says it should be this. And that's what [inaudible 00:04:40]. And I don't need it right now, just wondering if we had something...

Speaker 2:

Yes.

Catherine:

... For each one of those funds. Okay.

Larry:

So the next slide is our operating budget at a glance. And we are projecting our fiscal '23 budget, which is really great, because we are projecting that with no shortfall. And when we did the 10-year model in October last year, we were projecting the fiscal '23 budget might have a $1.1 million [inaudible 00:05:13]. So we've gotten better budget results. And that's based on the water revenues being higher, that's primarily due to the rate application. And the fiscal '22 budget didn't reflect the one-time cash impact of the big bang, our movement to AMI. So we got that cash infusion due to that [inaudible 00:05:38]. And the fiscal '20, I'll certainly go into more detail on this, our expense budget is, I think, in line with what we need to do from an operations and maintenance standpoint. So while expenses are higher, there's some key reasons for that, that we'll get into moving forward on the presentation. So with that, by way of background, I'll turn it over to Rochelle who will talk about some revenue trends and assumptions, which includes our production.

Rochelle:

So some of you have seen this, it's one of our favorite charts, where we do show the declining trend. It doesn't mean every year you'll be under the trend line with other anomalies. We do want to point out it

was quite eye-opening that you could really see the impact on fiscal '21 of COVID. So we were in a favorable position because of our large residential base. And that really made a difference, because commercial and industrial did decline, but residential was much higher than we had seen in quite some time. We're not done with the fiscal year, but you could see that fiscal 2022 year-to-date is about 44.7. So it has come down, but it hasn't come all the way down. And when we talk about risk and opportunities, that's one of the key things that we're going to want to look at. Like what is the current going forward consumption trend. If you move on to the next slide.

Rochelle:

So here are really the key revenue assumptions. So as what has been our standard practice, we first look at what our billed consumption is, and then we make assumptions regarding the conversion to cash receipts. As you know, for our maintenance test, the revenue is really cash in the door. We did make adjustments for anomalies, and that did include impact of the big bang conversion to monthly billing. It's a one-time cash only impact. And also, higher than anticipated consumption due to COVID-19. And, again, that's our best estimate. We do think we're still at a elevated level in fiscal '22, but there is a question about how elevated that is. For the wholesale customers, we do budget those at their minimum. And for their consumption, as well as for all our customers, we are assuming 1% year-over-year decline.

Rochelle:

We did assume no increase in the number of customers. Rates are based on the January 2022 rates and charges. We did leave our uncollectible factor at 2.257 for the conversion to cash. We will be watching that. Again, we will be monitoring what we put in the monthly billing business case, to see if a small pickup relative to cash comes to fruition. January was definitely a transition month, so it really doesn't create a trend. We did feel comfortable making a small increase in our outside a year. So last year, that was budgeted 1.3, we've increased it to 1.4. So those are really the key assumptions relative to the water revenue. If you go to the next chart.

Rochelle:

This is really like a bridge from our fiscal '22 budget to our fiscal '23 budget. And really, overall, the key driver is the rate impact. You might recall in the rate application, that number was a little over 7.9 million. We did pass on the lower debt interest rates that we received with our bond financing. So we passed that on to the customer. So that final number was just 7.5. We are assuming the 1% year-over-year decline. The fire service increased. You might recall that part of monthly billing, because there was that one-time impact. We did make a change for New Haven District Private Fire, and so now we're billing that in arrears. So we're able to absorb the offset on the water side. And also, [inaudible 00:10:29] Public Fire, we went to semiannual. So that's actually a pickup.

Rochelle:

The other net changes is really sort of two almost offsetting items. One is relative to the impact of the big bang, and the other is really an adjustment. Because looking back on where we currently are, we think that probably the consumption assumption in fiscal '22 was a bit low. So we're not going down 1% from that low estimate. So overall you see that the change is just under 7.5 million. Is there any questions on that? Moving on to the...

Sunny:

Hey, Rochelle, just to add something here very quickly, right? I know there was an ask in terms of understanding, not just the numbers, but the overall the performance from the business case perspective. I know Larry had mentioned this in the past. We'll be coming forward with some of the metrics, on the data that's behind it. After the first quarter, we can talk about it. I know this was mentioned as one of the data points to be looked at. And then there's also going to be another session, for the entire year, that we'll be talking about, this is what we said, and this is what's happening, right? So that's also been planned. So I just want to add the color. So it's not just having numbers, but we will be coming forward with some of the data points. That's about it. Thank you.

Rochelle:

[inaudible 00:11:48] going to see some of the impacts actually on the expense side as well. But the business case, you recall, was neutral, or maybe even a little positive. For the other revenue attribution, a couple key things going on here. For recreation, from budget to budget, there was an assumption of we're seeing some decline in permits relative to the COVID impact. Some increase on the expense side, because this is net revenue. The other change in other water is really the miscellaneous, and that's primarily field collection. Although the number in fiscal '22 budget is definitely higher than the projection, it's just a little bit lower than what the fiscal '22 budget was.

Rochelle:

Forestry, some adjustment there. And that's primarily looking at what their projection is, as well as some higher expenses that they're seeing. And forestry, sort of very interesting, because it really can be impacted by what's happening with timber sales in the market, sort of interesting impact. The PipeSafe Suite, that actually has a positive year-over-year increase, about 125,000. Outside lab services, the original budget for fiscal '22 had them slightly positive. They are having some challenges. We've done extensive study, you'll probably hear a little bit more about that. But we are forecasting them to be margin neutral in fiscal '23. And that actually will be a significant improvement based on steps that Tim and his team are taking.

Speaker 2:

Well, part of it is the contract, that we weren't making any money [crosstalk 00:13:36].

Rochelle:

Yes. So overall really a small change. And I do want to mention, so what you see here, we sometimes call some of these items, the commercial aspect of the business. But this is still all within the utility [inaudible 00:13:56] that way. So moving on to the next [inaudible 00:14:01].

Rochelle:

This is just some background on what's in these various categories. So the payroll budget does support strategic initiatives, including infrastructure, technology, revenue enhancement. Does include the general wage and salary increases, succession planning. We did, again, put in a vacancy factor. Again, similar to last year, we looked at where our head count is, what we really think is realistic. So we are building that in as well. A little bit later in the presentation, you'll see a graph of what the year-over-year changes are. For employee benefits, we did some of the big drivers there, are medical, health insurance. And also, for the pension contribution, we did get the actuarial study that formed the basis for not just the fiscal '23 budget, but also what we're going to be recommending for fiscal '22. So we are going to be recommending a above and beyond contribution, which has already been factored into our projection.

Rochelle:

The OPEB was based on estimate and other actuarial information. Outside services, again, you'll see a little bit more detail later. We did break it into key categories. So a good part of outside services is business requirements, some specialized expertise, both sort of ongoing as well as project related, as well as the technology area. And then similar to last year, we did separate out the regulatory assets into their own category. Maintenance and repair includes the routine maintenance and repairs, refurbishment that does not extend the life, because refurbishment that does actually extend the life qualifies to be a capital asset. And fiscal '23 does reflect continued focus on maintenance and repair, water quality, as well as certain expenses associated with the Lead And Copper Rule.

Catherine:

Rochelle, just two questions. On employee benefits, what are you putting in for health insurance?

Rochelle:

So for under 65, we're putting in about 4.9 million.

Catherine:

Percentage increase.

Rochelle:

The annualized percentage increase is 6.5%.

Catherine:

Okay. And when you're done with your pension, and your OPEB, where are we in funding levels?

Rochelle:

So actually interestingly before the above and beyond contribution, the actuarial report, you'll see at the April meeting, salaried is a little over 87%, and union is actually 94%. Now that's been driven by what's happening with the market, right? So we have to keep our eye on that. And that was part of the thought process, to even go ahead and recommend an additional contribution, because that could change. So right now [inaudible 00:17:17] came in pretty low. But we're recommending, even for fiscal '23, to contribute a little bit more [inaudible 00:17:24] and to make that additional contribution. So we could make sure that we really hit our fiscal '25 target [inaudible 00:17:35].

Catherine:

And it's not 100%, is it? We can never get to 100% [inaudible 00:17:38].

Rochelle:

The target at the end of '25 is fully funded, excluding the annual service costs, because there will still be annual service costs.

Catherine:

Okay.

Speaker 1:

It is possible to go above 100%.

Rochelle:

We could, but [inaudible 00:17:54]. Yeah.

Speaker 1:

Yeah. Sorry, I just want to make sure that I heard this correctly, you were talking about pension contributions, not the health insurance for under 65? Because the under 65 number was lower.

Rochelle:

I was originally saying that this is versus budget. So in your book, you're going to see we're projecting fiscal '22 to be under. So the 6.5% was based on the actual and projected claims for fiscal '22.

Speaker 1:

All right. Got it. All right. Sorry.

Rochelle:

For collection expense, you'll see that [inaudible 00:18:32] is really due to the impact of monthly billing. I mentioned that was assumed in the business case. So we knew that there would be additional [inaudible 00:18:45]. After Pump Power, we are assuming that there will be an increase in distribution pricing. And we still have our contract with generation pricing, it's actually at a very good rate. You might recall we're going 100% green, but with virtually no impact into our kilowatt hour price. And, Peter, again, being proactive, is actually watching the market. Because we don't need to really wait until the end of the contract to lock in. So he's definitely monitoring what electric service pricing is.

Rochelle:

Another one of the higher cost dollars within our O&M is information technology and licensing. And that's really where the SAP piece, as well as fees associated with the several applications that we have, is reflected. Drivers there, year-over-year, primarily related to additional data storage, software-defined wide area network and other applications. And we do [inaudible 00:19:59], but we anticipate the annual price increases on the annual fees.

Rochelle:

G&A is just very slightly higher than fiscal '22, and that's primarily due to miscellaneous supplies that are in that category, recruitment, and just some other net changes. Chemicals is one of the categories that you probably saw, if you had an opportunity to read the details. We had a very significant increase in chemicals. So we're actually experiencing that now. And we are projecting that higher level, at least through fiscal '23, is going to continue [crosstalk 00:20:47].

Catherine:

Increase in cost, not usage, right?

Rochelle:

Yes, in cost. Yeah. In the price. And the usage, it can really vary based on, weather comes into play, turbidity of the water comes into play. So the operations team does their best to estimate that. But price was such a key driver of that. If you move on to the next slide.

Rochelle:

Okay. This is where you see graphically what's going on. Payroll, the real primary driver of that, over 700,000 of that, little over 900,000, is really related to just basic wage [inaudible 00:21:31]. There's very minimal increase in head count that we've built in. And, again, we have built in a vacancy factor.

Catherine:

And I would assume that's high retention rate as well. Meaning the [inaudible 00:21:43] that you have are staying, right? Because when you have turnover, I presume that you seek opportunities to create efficiencies cost wise.

Larry:

Right.

Rochelle:

Yes. Employee benefits, when you just look at all the expenses that are in that category, really the primary driver, again, budget versus budget, is in health insurance. And that is because we're seeing a lower level of [inaudible 00:22:11] relative to the fiscal '22 budget. But, again, definitely up versus the fiscal '22 projection. Pump Power, relatively small changes there. Chemicals, again, one of the bigger drivers of our year-over-year change. Collection expenses, I mentioned that was anticipated, that is based on a full year of monthly billing. Outside services, relatively small change. And really the big driver, and you can see that in the chart below, is in business requirements. And, again, as expected, that's primarily being driven by Kubra, is our bill presentment. And now they're sending out our bills. And that happens [inaudible 00:22:58] in this category. So that's really the primary driver of outside services. [crosstalk 00:23:04].

Catherine:

That's a one-time thing? Or...

Rochelle:

That's a continuous. But we assume that in the business case.

Speaker 1:

And that's because we're now billing monthly instead of quarterly?

Rochelle:

Twofold, we're billing monthly, as well as we're using Kubra to do.

Catherine:

You're outsourcing.

Rochelle:

We're outsourcing [inaudible 00:23:24].

Sunny:

Yeah. At a high level, we used to spend more money, Catherine, when we did it inside, within RWA. Now we are actually outsource as a prerequisite project. So when we actually go to monthly billing, the cost would be lower. So it kind of helps us overall. There is a plan.

Speaker 1:

Well, the additional cost for mailing convinced me to actually go to electronic billing. That sucked. You have one convert.

Sunny:

I agree. Yeah.

Catherine:

And was this outsourcing part of the original ROI when we talked about going to monthly and all that kind of stuff?

Rochelle:

It was definitely built into the business case.

Catherine:

[inaudible 00:24:01].

Sunny:

Yeah. Yeah.

Rochelle:

The other key driver for maintenance and repair, we actually touched upon it. This actually includes using [inaudible 00:24:11] Flushing, using them, to provide the service. Because unfortunately we're not going to actually get the vehicle, that [inaudible 00:24:19] vehicle that's in the capital plan, until after the flushing season. So we do have that. And that's really, Tim and his team, focused on water quality. And then there are some roughly $100,000-ish of Lead and Copper Rule related costs that are actually in that line as well. So those are really the primary driver. Some of the costs are actually being slightly offset by Sunny's area. Sunny did a detailed review of his O&M budget, adjustments there. So these are the categories that have the highest impact on our O&M budget, and what the key drivers of the variants are.

Catherine:

And Rochelle, or Larry, is payroll at all driven by new employees in any significant way? Our senior management team has turned over a little bit, and did that drive cost up for payroll?

Larry:

It did slightly. But most of that is for...

Catherine:

Increases.

Larry:

... Salary increases...

Catherine:

Right.

Larry:

... That are built in to the budget at a little bit higher level. So...

Catherine:

Right. But it's not due to FTE changes?

Rochelle:

Very minimal were kind of FTE changes. And I will say for, there's two tiers now, for the bargaining unit. So actually when there's a new person coming in, it's actually at a lower rate per [crosstalk 00:25:48].

Speaker 1:

New person.

Larry:

And we still do the position justification process [inaudible 00:25:54].

Rochelle:

[inaudible 00:25:58]. Just some other assumptions relative to the overall operating budget. So PILOT, [inaudible 00:26:14] continues to be proactive, when we get reevaluation notices and such. We work together closely with Sunny as well on, are we going to take exception to what the jurisdiction might do at [inaudible 00:26:31], or for other things that we don't think are appropriate. And we do have to still estimate what the PILOT payments will be for fiscal '23. Because although we've already filed our Grand List, so we know what the dollars are, we don't yet know the mill rates at the time that we do the budget. So we can make an assumption for that.

Rochelle:

For debt service, definitely all the impacts of the prior refinancing are reflected. And we also have made the assumption that everything will move forward with our May 3rd refinancing, for that last portion of the 36th Series. There are multiple DWSRF loans included, as was mentioned, I believe, earlier. We actually currently have 10 DWSRF loans. We've gotten grants associated with all of those. We have two more that we're hoping to close before the end of the fiscal year. And we submitted, actually in the last day, several applications in for the project call, that concludes actually at noon. It concluded today. And depreciation, that's based on our rate application. So that's the 7.5 million that was approved as part of that [inaudible 00:27:56].

Catherine:

And, Larry, when we have an opportunistic situation to purchase land, where does that come out of?

Larry:

It's part of the construction fund, and we have a separate account in the construction fund. And what we've done in our budget, we'll put in a minimal amount of money, say $100,000, which allows us to do any surveying, or anything like that. But we can also give the owner of a piece of property, that's interested in selling, money for an option to buy it. And we can budget it in the next fiscal year.

Catherine:

I see. I see. And do you guys know is Deer Lake is for sale? 250 acres in Killingworth. Just south of our [crosstalk 00:28:34].

Larry:

No, I hadn't heard that. No. Sunny, [inaudible 00:28:36].

Sunny:

No, I haven't heard.

Larry:

Okay. [crosstalk 00:28:38] look at it.

Speaker 2:

[inaudible 00:28:38].

Catherine:

Yeah. Appreciate it.

Larry:

See if it fits our matrix. Because he has an extensive matrix...

Catherine:

Right.

Larry:

... That evaluates all the land in our service territory [inaudible 00:28:47]. And it's listed literally from one to 50.

Catherine:

It may kiss it, right? But it's south of it. And I don't know if we really care about that.

Larry:

Yeah. May not. So...

Catherine:
Right.

Speaker 2:
Yeah. [crosstalk 00:28:59].

Sunny:
I will look into that.

Speaker 2:
Tomorrow, or today, [crosstalk 00:29:01].

Catherine:
No, they extended it today.

Speaker 2:
They did extend. Okay.

Catherine:
That's what made me think about bringing it to your attention. [inaudible 00:29:07].

Rochelle:
This is the maintenance test. So this is sort of where it all comes together, your revenues, your other revenues, all the O&M, and debt. I think here are a couple key things, is we are really pleased that our fiscal '23 budget does not include a [inaudible 00:29:28]. It might be a little bit more aggressive than maybe in tighter years, but definitely a very reasonable budget, we believe. You can also see, for the fiscal '22 projection, we are now forecasting to be over in water sales. A couple key drivers of that, just to mention that here, is we are now through the conversion. So we saw what the impact of that would be. Also, the rate increase, with monthly billing we should actually see that rate increase actually sooner. So we'll be watching that as well.

Rochelle:
And as I mentioned, I think we did probably underestimate a bit the billed consumption that we were going to see in fiscal '22. Again, keeping it in the budget. Keep in mind though that [inaudible 00:30:19] did not include the rate application. Because that hadn't even been yet filed, not to mention, not approved. You can also see from an O&M perspective, that we are, even with the additional pension contribution, we are anticipating it to be just a little bit under the budgeted O&M expense. And we'll be watching that to make sure that is how things evolve. And also, if we can accelerate anything, we'll be looking at that as well. And then as we saw earlier, some of the key drivers of fiscal '23.

Rochelle:
Again, with some of those supply chain impacts that we're also seeing on the O&M side. Overall, projecting Fiscal '23, not to have a draw. The Fiscal '22 budget did have a draw of almost a million, and we are projecting to exceed our coverage requirement to be at about 125% for Fiscal '22. And so, I

already mentioned earlier when we compare this, which we always like to look at what we said in the model, we did actually have a draw projected in Fiscal '23.

Speaker 3:

Yeah. I'm impressed. I can't remember the last time we did not have a paper draw.

Rochelle:

Right. This is... [crosstalk 00:31:48]

Speaker 3:

... even projected. So, good work. Very impressed with that. Because I think it's probably appropriate here. Two questions. And you may have said it and I missed it. What's common investment?

Rochelle:

Oh, common investment is in support of what I'll call commercial offers.

Speaker 3:

Okay.

Rochelle:

There are certain expenses that still do need to be absorbed because some of our work may not come to fruition.

Speaker 3:

Okay. And then does this reflect any payment to the authority from our commercial enterprise division?

Rochelle:

This is on the P&L. So no, what our plan is though for that would be, even at the end of this year as part of our year end disposition, we'll make a proposal to put that into the construction fund.

Speaker 3:

So, the expectation is that there will be a positive in the commercial enterprises.

Rochelle:

Yeah. You'll actually see some projections under the commercial enterprises' presentation.

Speaker 3:

Okay. I hadn't looked at it yet, I'm sorry, which I do but...

Rochelle:

We are estimating that will be a bit higher than what we had in our model.

Speaker 3:

Okay. And so, that'll be a revenue item to the authority.

Rochelle:

Actually, it won't be a revenue item. It will just go right into the construction fund.

Speaker 3:

Okay. That's good news.

Speaker 4:

I have to say that's a mechanism that Rochelle set up. When we first started forming the commercial business subsidiary, she wrestled with how can we make sure the commercial revenues don't impact the utility.

Speaker 3:

Okay. And that was that.

Speaker 4:

So, she set up this mechanism where we can transfer directly from revenue fund into the commercial business. I'm assuming the construction funds are commercial business.

Speaker 3:

Good. Good.

Rochelle:

Moving on the next page. Here we want to highlight some of the key opportunities and vulnerabilities and many of which you've seen before. And these are really the things that are primarily external that could go either way, because most are opportunities as well as possible challenges.

Rochelle:

And just to put some of this in perspective. Even a 1% change in our assumption relative to the mix of payroll between the O&M piece and capital and supporting pipe safe and some of the other opportunities. That alone is over $400,000. And even a 3% change is over a million. So, we really do need to watch these things.

Rochelle:

The vacancy factor is another that we'll be monitoring. For Fiscal '22 so far, we've actually been under a headcount, even with a vacancy factor. Not necessarily a good thing operationally, but it is impacting us financially.

Rochelle:

Medical claims is another area. Not only do we have to estimate what the medical claims will be because we're primarily self-insured, we also need to figure out the mix between active and retiree, because active is actually paid through our [inaudible 00:35:06] plan.

Rochelle:

So, a fair number of moving parts. Pricing projections, especially for Fiscal '23, we definitely need to watch. The license to this chemicals. Definitely fuel is other one that we need to watch. And at the end of Fiscal '23, we'll be renewing our insurance. So, we have to make some assumptions about that. Outside services was touched upon. That could possibly go in either direction. If we do more internally, it could lower it. If we gain more expertise, it could increase it.

Rochelle:

Maintenance and repair, one of the key things there is actually if we have a really severe winter, that can impact that. And just a broad range of other opportunities. The revenue-related ones, definitely weather, billing-to-cash conversion. Again, we'll be watching that as Tom also mentioned about the impact of monthly billing.

Rochelle:

Other revenues can also be an opportunity. And as I mentioned earlier, we really do need to watch what our normalized consumption patterns really are. So, we did have to make some estimates. So, that could be an opportunity [inaudible 00:36:22].

Speaker 5:

And what are you doing to control the weather?

Speaker 3:

Yeah, let us know.

Rochelle:

We try. Just overall, some summary and conclusions. Fiscal '22 will be the 12th consecutive year that we didn't have a draw of the stabilization fund. As we...

Speaker 3:

I know what you're saying.

Rochelle:

... mentioned in the past that there is this balancing, especially when we get into the year end, should we take some of our available funds, put more in the pension fund, put into the general fund. Because there's flexibility, put it in the growth fund or put into the construction fund where it's clearly being used to offset rates of coverage. Definitely continue multifaceted cap collection program. Improving cost management, again looking at expenditures being consistent with revenue.

Rochelle:

So, even in the case of the Fiscal '23 budget, O&M is a little bit higher than the model, but revenue is also a little bit higher and other offsets or that had a million dollar higher O&M. As I mentioned, definitely continuing to monitor our pilot and take appropriate actions. We're definitely pursuing not just DWSRF, interim financing, refinancing with the grants...

Speaker 7:

Just to add to that. I think in the recent past, we are also reexamining the way that... Originally, there was a threshold about which we would go for DWSRF. But now, we are now going back to the drawing boards and reexamining whether it makes sense even for smaller projects, even the grant, even if it's 200,000, if five projects are 200, that's a million dollars. So, we are now going back to the drawing board, see where the opportunity cost and where the real cost is in terms of whether to pursue or not. So, that's another area, which in the recent past, we've been re-examining the past practices.

Rochelle:

Definitely, pursuing our grant opportunities, our book money would be great if we could get that and continue to execute against our strategic plan.

Speaker 5:

Have you ever pursued Green Bank money?

Rochelle:

Yeah, we actually... [crosstalk 00:38:50]

Speaker 3:

We've [inaudible 00:38:53] just conversation. Go ahead.

Speaker 5:

So, no go or...

Rochelle:

No. Actually, they really want to work with us. In fact, I've had a few conversations with them. We have an upcoming meeting with them. One of the things that we talked to the Green Bank about is possibly where they do the financing. But for the lending capital rule, we may be able to put that loan to the customer on our bill, collect it and remit it. But the debt is with the Connecticut Green Bank.

Rochelle:

We've also talked to them about some other possible opportunities, because if maybe then the debt is on the Connecticut Green Bank and not with us, maybe we can have some arrangement. Their cost of money though is not really lower than ours, that we can talk as far as us borrowing from them, that didn't seem to really make sense, but we think there could be a [inaudible 00:39:45].

Speaker 5:

Well, they have a [inaudible 00:39:47] flush. So, it's...

Rochelle:

Yeah, it's good to know.

Speaker 5:

It's a pool of money.

Speaker 3:

Good.

Speaker 8:

So, Rochelle, when you plant your feet on the ground July 1st, your operating budget generally goes up by what percent based on payroll increases, ongoing continued maintenance increases of 3 or 8%, healthcare costs of such and such?

Rochelle:

So, this budget's going up by a little over 6% of budget and we went through the key drivers of that. Although it's a little over... Well, it's actually no longer a little over the CPI because the CPI is going up. So, it's going up about 6%.

Speaker 8:

Right. But generally, so is that higher or lower than what you're generally looking at? Are you seeing escalation costs or payroll, anything in particular that's driving it at a faster higher rate this year than normal?

Rochelle:

I would say supply chain is driving it and that's driving it definitely with chemicals. Those price increases were significant and doing something like the [NODAS 00:40:54] is also, we think the right thing to do. The pictures are really interesting to see the impact on water quality. And that's one of the increases as well.

Speaker 8:

So, normally, again when you plant your feet on the ground, is it a 4% increase, is it a 5% increase, if you didn't have that inflationary aspect?

Rochelle:

Sometimes it's hard... [crosstalk 00:41:15]

Speaker 8:

I know sometimes you have something else.

Rochelle:

It's the price and value.

Speaker 8:

Okay. Thanks.

Speaker 3:

I was particularly happy to see maintenance and repairs going up more or less 10%. I think that's not all that's inflationary in COVID, it's acceleration of maintenance of the system.

Rochelle:
And the water quality with the [inaudible].

Speaker 3:
Right. Which we saw with the capital budgets. So, I'm glad to see that feeding continue on.

Speaker 10:
Let's pause and vote.

Speaker 3:
Yeah. Any other questions or comments?

Speaker 8:
No. Nice job, as usual.

Speaker 3:
Yeah, very... Thank you.

Speaker 10:
Good job.

Speaker 3:
You guys did a great job. All right. Well, then the last item in this area is the item two, which is a proposed resolution to forward these to the RPB.

Suzanne:
I'd like to make a motion. Yes.

Speaker 3:
All right. Is there a second?

Suzanne:
A sentiment.

Speaker 3:
A second to move the resolution.

Suzanne:
Yeah, to move the resolution.

Speaker 10:
I wasn't sure what it was yet... [Crosstalk 00:42:10] ... second.

Speaker 9:

The right time to do that, yes.

Speaker 10:

No, it was absolutely. [crosstalk 00:42:19]

Speaker 3:

Again, excellent job. I look forward to the comment in a couple weeks from the committees and the RPB and their input. It would be good to hear, but we are forwarding that line B and I don't know how careful we're going to have to do what we say in public now because it's going to be there. But that's the one that's 278 for the five years and 51 million for the...

Speaker 4:

Well, budget will still be part of the committees in the executive session because some of that will still be confidential.

Speaker 3:

Right, but the dollars will be there. They'll have be there.

Speaker 4:

The dollars will be there for us to talk about.

Speaker 3:

Nondescript in some ways or whatever. Okay. All right. Super...

Speaker 8:

And... I'm sorry.

Speaker 3:

Yeah. No, go ahead.

Speaker 8:

Just one last thing I would just say is a really compact story to tell about the capital plan. So, I really appreciate the detail that we went into today, but I think we need a really compact story that says, "Here's the story about the capital plan. You're going to notice it's up by this amount, blah-blah-blah-blah-blah." Then you dive into the detail. Come back to, "This is the really compact story." So, they could retell it in their own heads and tell it...

Speaker 4:

Yeah. That's a good point. I think that's good point out.

Speaker 8:

Because it's a big jump, but it's a necessary big jump for a lot of reasons.

Speaker 4:

Right. All right. After you move that motion, do you want to have Tim come in and get lunch and then we go to the right application or the...

Speaker 3:

No. What I would like to do, let's take a vote. All those in favor signify by saying aye.

Board Room:

Aye.

David:

Nice to see it's unanimous. Right. Next item I would like to do is go into...

David:

... Kevin's meetings, but do the non, that we just talked about, do the non-executive session stuff. Save that to the end when the application... Is there staff? Are you guys able to work around that flexibility?

Kevin:

Yeah.

David:

Then Tim can stay for a continuous time of your two meetings, the public stuff of your two meetings. Then the part that we can do in executive session or the application, which we have to do without him anyway. Is that all right? Because it makes logistical sense to me if management can do that, if your flexible.

Speaker 10:

Commercial businesses do that primarily in executive session. So, I just want to do...

Speaker 3:

Oh, all right. Is there anything in it that's not...?

Speaker 4:

Just the recent work plan.

Speaker 10:

The work plan.

Speaker 3:

The work plan. Well, that's all right. Okay. So, then you'll do your environmental health and safety. And we'll do the consent calendar and then we'll say, "Thanks, Tim" or updates and then... Okay. All right, I get it.

Rochelle:

So, environmental first.

Speaker 10:

Yes, please.

David:

All right. We'll go right into the meet as environmental health and safety committee. So, would someone like to move that we recesses the authority and meet as environmental...

Speaker 8:

I'd like to make that motion.

Speaker 3:

You would, I like. You want to second that motion? All those in favor, same thing by saying aye.

Board Room:

Aye.

[AUTHORITY MEETS AS ENVIRONMENTAL, HEALTH & SAFETY COMMITTEE FROM 12:40 P.M. TO 1:24 P.M.]

David:

The record will note that Suzanne is momentarily absent, right? So then there's no matters to act on arising from committee meetings. So we will next go to the consent calendar. And what is your pleasure on those seven, eight items? And it's the capital bunch of the monthly authorizations.

Catherine:

Yeah, I'm just trying to remember whether I had any questions.

David:

Okay.

Catherine:

I did.

David:

You did? You're always asking me after too, but if they...

Catherine:

I just, I had a question concerning the KPI report.

David:

Sure, sure. Yeah. Questions are fine.

Catherine:

I'm just curious, on the KPI we're looking to do... Close. Yeah. And blind girl needs her reading glasses. Okay. So there's an estimate of two commercial enterprise growth, profitable acquisitions every year. Just put pressure on us to try to meet that, you know, that number. Are we in any way forcing ourselves to take on something that we might not want to do?

Larry:

No. And no, we've got pretty good governance process in-house. She's sitting right next to you.

Catherine:

Yeah. So... I just want to make sure there's sufficient deal flow. You know?

Larry:

You know, Dennis, Dennis Donovan is, and you'll hear more about that in the commercial business, but he's working on deal flow all the time. And we have several in the hopper [inaudible 01:36:18]. The one that we're going to bring to you and another one that is very close, so.

Catherine:

Okay. All right.

David:

I think we got a mechanism to hit that.

Speaker 20:

I'm always concerned about minimum acquisitions. It's like, you know, if there's nothing out there that you want, that should be zero.

Speaker 19:

Right. And I mean, if there's nothing that we want, we're not going to do it. We're not going to that deal.

Speaker 20:

Great.

Speaker 19:

And we already turned away another business earlier in late last year that we didn't want.

Speaker 20:

Okay.

Speaker 19:

Great question.

Catherine:

I move the approval of the consent agenda.

David:

All right. Is there a second?

Kevin:

Second.

David:

All right. Any further discussion or points of clarification? All right. All those in favor [inaudible 01:37:00] by saying aye.

Board Room:

Aye.

David:

And duly noted that Suzanne is still absent from the meeting momentarily. All right. We are ready for updates.

David:

Okay. We'll have Donna do a top line update on the COVID. Give you just a understanding where we are since our last report. So Donna, are you still there?

Donna:

Yes, I am. Can you hear me?

David:

Now we can. Sure.

Donna:

Okay great. Good afternoon everybody. So since our last update, we now have 69 confirmed cases. That's an increase in five new cases since our last board meeting. The latest update, which we just got this past week is that we have our first case where seven commercial customers have been impacted. We had an RWA employee who was servicing backflow prevention at each of the locations and ended up developing symptoms 36 hours after. And so the process that we've used given that this was our first, you know, customer contact situation. And we had to do some contract tracing. What we did and given the fact that it was only seven customers impacted, we actually were able to notify each of those individual folks related to the exposure and keep it pretty much contained within that particular group. The employee is sick, but we're helping manage that on the back end.

Donna:

Our vaccination rate remains at 85%. And as you may recall, back in February 22nd, we had implemented the hybrid work policy where people are in the office three days a week, and two days at home. We are seeing some people coming in a little bit more than that, but that is the policy that's been

implemented. And as of March 7th, we put in place our mask mandate had ended for all indoor locations. It's still of course encouraged for unvaccinated and at-risk persons. But, you know, but this was really following our protocols with the city of New Haven. We're still doing all of the cleaning protocols. So every Saturday we have spraying that's being completed in all shared workspaces, treatment plants are also cleaning once a week. And there's obviously a lot of things that are happening in terms of sanitizing common areas like door knobs and handles and things like that. And the current COVID positivity rate as of last night was 3.10. So that's our update for COVID. So is there any questions related to the COVID?

David:

No, apparently not. Thank you very much. Larry, anything in your board report you want to?

Larry:

Yeah, I got a couple of items. We've been talking a lot about grants. So last year we may recall we got a request from Senator Murphy's office, whether we had any projects to submit for his proposed congressional directed spending items. He submitted several projects. And one of those was approved, which is a $2 million grant direct funding from appropriation, which is the maximum allowed for water utility infrastructure that will be used to offset the cost of the lake salt install water treatment plan electrical upgrades, which is $5.2 million. So we're getting 2 million to offset that. So that was great news. You recall, I mentioned last month that we were doing employee focus groups on strategic planning or one of the inputs from those focus groups is that employees wanted more workplace flexibility, surprise, surprise. So in keeping with our commitment to have a more inclusive RWA, we sent out a survey kind of asking more general questions about workplace flexibility in the like, to get their thoughts.

Larry:

And we're looking at what those results mean and maybe make some further alteration to our three days in the office and two days working from home. Next with the COVID restrictions being relaxed, I'm spending more time in the field. So I would spend a day out in the field with Jim Courchaine. He and I visited a number of work locations, saw the Gaillard Water Treatment Plant hyper chloride project up close and personal. And we went to see also a diversion clean up happening around Lake Whitney Dam, those are two new positions that we put into his operations specifically focused on cleaning diversions and make sure that they're flowing and working properly. We also saw beginnings of the West River Water Treatment Plant dissolved air flotation project that was just in the process of excavation for the new building. And then we stopped by to see a crew in hand and fixing a pump station. They were doing a repair there, but there was a leak. Additionally, I spent time at the Lake Gaillard Water Treatment Plant and had a unique experience as a day in the life of an operator in training. So I actually got down into a filter bed and help clean it and, you know, the filter's GAC, and it has the consistency of coffee grounds. So I'm covered in coffee grounds. So it was a great experience, but I don't think they're going to ask me to come back.

Suzanne:

We do have some proof, some pictures.

Larry:

Well, I plan on doing more of that. So going out to the plant. On employee engagement, March 4 was Employee Appreciation Day. So we distributed a thank you note to all employees within RWA for their work. And then we had on March 8th, the Super Duper Weenie Truck come in and treated everybody to hamburgers and hot dogs, which we had over 110 employees gather in the garage and participate in that particular project. We'll have more of those sort of things. Work is continuing on aligning our purchasing function into a centralized procurement operation. And several procedures have been implemented, better revisions, including materials forecasting and planning in all departments. And review of professional service agreements so that they are standardized as well as using some new technology to purchase tools and materials. So it's a more efficient process that we're utilizing now. And Peter feeding that effort with support from Michelle and doing a good job. So that's the extent of my update.

David:

Any questions?

Suzanne:

No.

David:

No. All right. We'll move on to-

Suzanne:

I have one more, excuse me. I did want to have Sunny, just expand a little bit on the Derby Tank update memo.

Sunny:

Okay.

Suzanne:

That was on the consent agenda and it is around the revised cost of doing projects.

Sunny:

Right. I mean, just a quick on the memo itself, it just gave you the updates on receiving the encumbrance being lifted from the deep. But I would say since we are not crossed past that bottleneck, we wanted to see how to bring the contractor on table. We awarded the contract as of March 3rd, 2020. So since that time, it's almost two years down the line. So we processed two escalations for cost adjustments from April, 2020 to somewhere around February, 2021. So there was a 100,000 cost increase, 114,000 to be precise. We sent it to DPH, a change order one was executed, DPH accepted it. Then we did another one, similar one in August of 2021. So that got accepted, which kind of extended the bid itself. So now we are expecting another one, which might actually end up around say 300 is what we approximate because it's been two years down the line, which a lot of supply chain, most of it related to steel and [inaudible 01:45:12].

Sunny:

And because in the last two years, the steel and concrete prices have gone through the roof. So now we are expecting another one per the rules and regulations if we exceed... So originally the application was approved for $5.1 million. So if we do the 10% increase, we would be at $5.61 million, but also there is another and, or plus where we are actually we can, if we used a cost index in the original application, it allows us to use the cost index adjusted to today's cost. Which means using that we can go up to 14.5%. So with this new escalation, we would still be below the 14.5%, which means we didn't really have to go through the approval process because the approval process takes about four months. And then by the time the contractor's pretty much ready to go because he's saying... And even with all this escalation, he is still lower than the second lowest guy, March, 2020 prices.

Sunny:

The second low scale prices were around 3.9, [inaudible 01:46:16], who was the L1 bidder was 3.1. Even with this escalation added with the new escalation, he still comes to 3.8. So I spoke to Jeff [inaudible 01:46:28] as well, just to kind of get his input. He also said, this is the right. I would say, you know, just if they were the same, at least you would have the option to go get the price from the second time, just to make sure that he doesn't bring an issue. But I think, you know, even with all the three escalations, this guy is still lower than your March, 2020 [inaudible 01:46:46].

Speaker 19:

So, per the regulations, we'll redo that with the finance committee who would then make a recommendation of the... Or advises the RPB committee that's happened and that the project is going to continue.

David:

So we're under the limit, but it's good to inform them and let them know what... Good. Okay. All right, anything else?

David:

All right.

David:

That was it now. Okay. Very good. All right. So then we'll move on to committees RPB committees that we visited. The first one was Consumer Affairs from February 28th, which we meant prior to that. Kevin, you went to that, is that where you sent out a...

Kevin:

Went to land use.

Speaker 21:

Land use from last week? Okay. Do you have-

Kevin:

No, I-

David:

Okay. No problem. We'll get back to that. Well, we get the update [inaudible 01:47:35] anyway, so, which is good. All right. So then next I'll go on order of what's on the document. Suzanne, did you go to finance committee meeting last Monday, the 14th?

Suzanne:

I did.

David:

Thank you for that.

Suzanne:

And the RWA's external auditor came and talked to the committee and the committee had a number of matters. They discussed cyber security, risk assessments, consolidated entities, and audits areas with all the committee members. Then they then left the meeting. They talked a little bit about... They approved the minutes and then Rochelle came in and talked about the quarterly report and the RPB approved product projects of the Derby Tank system wide ratio telemetry North Sleeping Giant Wellfield and West River Water Treatment. And then they did some residual business and adjourned. It was I think, a record short meeting for the finance committee. So there you have it. It's still done remotely.

Speaker 21:

Okay. No questions, we'll move on. Land use, you sent... You want to expand on it?

Kevin:

Well, they had a presentation by Mr. John Triana. It was interesting. It was about the 1901 typhoid epidemic background of that. The commonalities between this COVID epidemic and the typhoid epidemic. Impacted disruption on Haven Water Supply, as a result of that. Emergence of inspections, filtration in water treatment, as a result of that epidemic. It's interesting, very interesting history and background. There's a lot of questions. And then he gave, Mr. Triana, gave, you know, the standard update, the land we need for Y use. I don't see anything that's actually being purchased right now. I think that there's things that are in discussion. No, you know? Yeah. No potential purchases, so.

David:

All right. Very good. Thank you. And Consumer Affairs, Catherine, did you go on Monday?

Catherine:

I did. In fact it was the first time that I had been to a Consumer Affairs Committee Meeting. And I founded it extremely interesting. So the meeting began with a... Obviously they approved their minutes. So we'll skip over that in the safety moment, the safety moment was very apropos because it dealt with the changes of weather and we had just had a significant weather event. So it was right spot on time. The attorney, Donofrio, the OCA reported that he spent the last month composing his memo on Lake Gaillard and that was the bulk of his bill. But one of the things I found most interesting about attorney Donofrio's comments, where he gave have some very good suggestions and really astute recommendations with respect to contracts. And he informed me or informed the body that, you know, he met with you and with the chair of the RPB and also with Sunny and... Or had planned, I guess, to meet with Sunny and Prem to talk about some of the supply chain issues that he had encountered in his

practice with respect to other municipalities. And I thought that his comments were valid and really made a lot of sense. His bill, which was in, you know, I spent a lot of time paying lawyers and any bill that's under $3,000. I'm like, wow, that's great.

Catherine:

So, his bill was improved. I probably shouldn't say that out loud because the fields will start getting larger. Right. I think a very reasonable bill based upon the work that he has done, he had done. And I think that he also added, you know, adds value. That's just my 2 cents on that issue. The last issue or the last matter on the agenda was scheduling its next meeting for April 18th at 5:30 PM.

David:

They going somewhere fun? 5:30, they're probably not going anywhere.

Catherine:

It does not say... They didn't say whether they were going to do in person or...

David:

Oh wait that's consumer person. They don't have... I'm sorry. [crosstalk 01:52:13].

Kevin:

Land Use always [inaudible 01:52:13], but there was a discussion about whether they should do in person or remote and they still were on the fence about that. Wanted to wait and see what happened with the next wave. So there was an executive session. I mean, I'm sorry, was there an executive session? I don't remember there being an executive session. Let check my notes.

Catherine:

Oh yes. There was an executive session, but I can't talk about it.

David:

Okay. It's all right.

Catherine:

I can't talk about it anyway. I had forgotten about that. Okay. And that's about it.

David:

All right. Thank you very much. So now we've got to plan the next quarter. So in April we have Finance Committee on April 11th. Who wants? Now don't all jump at the chance to go there, or show off to our guest.

Suzanne:

Well, I'd like to say that the only meeting I can make on these dates is Consumer Affairs. So can I put my name against that?

David:

Sure. Yeah. That's their budget work because they only do one meeting that month. And that's their budget. So you will join me, which is great. Because this chair, I usually go and sit in out remotely. Right. They still going to be remote? The committees?

Catherine:

I don't know. I don't think so.

Tim:

I think they are looking to get back to hybrid.

David:

Okay, all right.

Catherine:

I have a [inaudible 01:53:32] at that time.

David:

April 11th?

Suzanne:

Yeah. I cannot make that time.

David:

Catherine, can you make April 11th?

Catherine:

I'm checking now. I meant to bring my other calendar with me. I know I have some conflicts in April, so that's why...

David:

Let us know. Kevin, can you do the 13th? Land use?

Kevin:

I can. Yeah.

David:

Okay. So we've got Land Use and...

Suzanne:

I'll take [inaudible 01:53:51] at Consumer Affairs.

David:

The Consumer Affairs. And I'll do the second Finance Committee meeting on the 20th.

David:

But you're going to go anyway. Right?

Suzanne:

Right.

David:

Okay.

Suzanne:

I'll be there the 18th and if it's not remote, I'm not going unfortunately.

Sunny:

Well it could be hybrid.

Suzanne:

If it's hybrid... Okay. [crosstalk 01:54:08]. Right. So we can communicate. Because I'll want their input. So we... For the budget, because that's what we're doing. [crosstalk 01:54:20]

Catherine:

All right. So you wanted to know about the 14th?

David:

The 11th. Monday, the 11th for Finance.

Catherine:

That appears to be fine. And something tells me I'm supposed... I have to do a bunch of training in April.

David:

Let us know. We'll put you down for now.

Catherine:

Okay. Yeah. That's Finance.

David:

Yes.

Catherine:

Yeah. Good. Something tells me I have a meeting that night and I didn't put it on my schedule yet.

David:

Well hopefully it's a later meeting. Yeah. We are there by 5:20 PM.

David:
That's true too. All right. May, Finance Committee in May?

Suzanne:
I could do that on the ninth.

David:
Okay. Yes. On the ninth. And then Land Use on the 11th?

Catherine:
I'm sorry.

David:
I know you're looking.

Catherine:
May...

Kevin:
20?

David:
On May 16th. May 16th.

Kevin:
Yes.

David:
Okay.

Kevin:
Consumer Affairs?

David:
Good. All right. So Kevin consumer affairs and Catherine's letting us know.

Catherine:
I have fewer issues in May. I'm sorry. What did...?

Kevin:
Wednesday, the 11th is probably going to be a field trip somewhere, because we're going at 4:30.

Catherine:

Yeah. Okay.

David:

All right. Well let us know. I mean that's far enough away. All right. And then June, Finance Committee, June 13th.

Kevin:

I'll take that.

David:

Okay, good. We've got all three during a different month.

Catherine:

I think the 27th is a problem for me.

David:

Okay. Are you able on the 27th?

Suzanne:

I have a board of education meeting at the [inaudible 01:55:49].

David:

Okay.

Suzanne:

So that's the 2nd. Is the 4th Tuesday, right? Yeah.

Catherine:

Yeah. The 4th Tuesday, the 4th Monday is a problem.

David:

You can do [inaudible 01:55:58]?

Suzanne:

I can do that.

David:

Okay. Monday the 27th. All right. So that's good. So Land Use?

Catherine:

I'll take the 8th.

David:

You can do that. Okay. Good. They're all covered.

Catherine:
I'm sorry, I'm the 27th?

David:
And we're covered for Tony. Hopefully it'll be on the Monday, the 27th. This Consumer Affairs.

David:
Okay. Thank you.

David:
Good. All right, Jennifer will send that out to us. We know we're all flexible. So that's not a problem.

David:
All right, Tim, we're at the point... Yeah, well you get to go. We have to stand.

Tim:
I never mind rejection. No, it was a long time ago.

David:
We're going to have you...

Tim:
It's not you it's us stuff.

David:
Yeah.

Tim:
There you go.

Larry:
We're going to executive session of commercial business.

David:
We like you. It's not you it's us.

Tim:
Oh no, it's fine. He's a counselor out there somewhere. Good to see you. And I'm not leaving without my clipboard. It's a lot of blank pages on here.

David:

Right. Good to see you Tim.

Tim:
Good seeing you guys. I appreciate the opportunity. And I'm back again in a month.

David:
Oh really? What you do wrong?

Tim:
We couldn't get any volunteers.

Suzanne:
Really?

David:
Look how much fun [inaudible 01:57:06].

Suzanne:
You have enough to do in public service. Do you?

Tim:
Is this still an out?

David:
Yes.

Tim:
This gets me out of here?

Tim:
Thank you all.

David:
See you tonight again.

Tim:
See you again.

David:
All right. We have a [crosstalk 01:57:18]. All right. We... Yeah. So let's recess as the authority and convene as the commercial business committee we would like-

[COMMERCIAL BUSINESS COMMITTEE MEETS FROM 1:46 P.M. TO 2:45 P.M.]

David:
All right, then we'll go to our last item on the agenda, other than adjournment.

Jennifer:
I'm waiting for Jim and Orville. They should be here...

Catherine:
Do we have any matters to fill in?

David:
No, because there was going to be...

Catherine:
Yeah. Nothing. Okay, great.

Catherine:
Okay.

David:
Get the abridged version, the application, Larry or something [inaudible 00:00:52].

Catherine:
The one that we've read three times.

David:
Yeah well, that's [inaudible 00:00:55].

Suzanne:
What's that?

David:
The application presentation, because the last name was pretty long.

Suzanne:
Thank you for remembering. All right. Looks like the crew is here.

Catherine:
Larry did they confirm that the new office of Aquatic Invasive Species is in the agriculture experiment station.

Larry:

She confirmed that question.

David:

Hey, Jim. Did you say you saw Orville?

Jim:

Orville's on.

Orville:

Yes.

David:

Oh, Orville, then let's begin.

David:

All right. Hi guys. Thanks for joining us.

Jim:

Thank you. Thanks for having us.

Orville:

Thanks for having us. All right. Thank you for your time and good afternoon. And thank you for the opportunity and presenting on the water treatment plant valve replacement program, Lake Gaillard rather filter influent valve replacement project, which is the first phase of this studio today. Presented with me here is Jim Hill Director of Operations, and of course, over Kelly, manager of design and construction in the engineering department. Jim is going to take us through the first couple of slides. Jim, all yours.

Jim:

Thanks, Orville. So, the water treatment valve replacement program is a multi-year program to replace critical water treatment plant valves required for the effective operation and maintenance of RWA's water treatment facilities. Examples include backwash valves, filter influent valves, and yard valves that are beyond their life expectancy and are starting to require significantly more maintenance. The anticipated annual cost of the program will range from $100,000 to $700,000.

Jim:

Valve replacement needs were prioritized and Lake Gaillard Water Treatment Plant influent valves are at the top of the list because of the critical nature of the Lake Gaillard Water Treatment Plant. It produces over 60% of the water supplied to our customers and provide water directly to New Haven service area, Branford service area, as well as indirectly to many other service areas.

Jim:

The project scope includes influent valve replacement, through sequenced isolation of 16 30-inch valves and motorized actuators in order to maintain continual plant operation. The project will first isolate

filter influent piping from a flocculation basin effluent channel. Demolition will include installation of scaffolding since the valves are over 16 feet high and temporary provisions to isolate sections of the influent pipe, including the installation of a mechanical plug in the 78-inch steel pipe header, and then sequential demolition of the 30-inch influent valves.

Jim:

The mechanical and electrical portion of the project will install new valves, motorized actuators, associated electrical conduit, and wiring for the electric valve actuators.

Jim:

In terms of project need, the valves do not seal completely and are leaking after many attempts to resolve the leaks by adjusting valve limit switches, and both our I&C department or Instrumentation Control department and the outside contractors looked at the influent valves to try to resolve the issues. Water leaking into the filters while they're drying down during a backwash sequence increases the time required for backwashes, and reduces the number of backwashes that could potentially be completed during high periods of high demand.

Jim:

The leakage also increases the amount of water recycled requiring more electrical energy. The actuated control valves are beyond their usual life. They are over 35 years old and new filter influent valves will improve the control, and reliability of the Gaillard Water Treatment Plant, reduce the risk of callouts, potential plant shutdowns, and increase energy efficiency.

Jim:

One of our primary challenges is there is no current means to isolate filter influent piping, and the influent valves, and keep the plant in continuous operation because they share a common pipe pattern. Replacing the Gaillard influent valves will include the purchase of a temporary 78-inch mechanical plug to allow for the sequential isolation of the filters. Next slide please. And I'll turn it back over to Orville to talk about the summary of alternatives, budget, schedule, and project summary. Orville.

Orville:

Thank you, Jim. The summary of alternative analysis includes no action, not replacing the existing leaky influent valve which is known, will cause valve leakage to worsen and further restrict plant filter, operational flow rates and flexibility, thus making this alternative, not acceptable. The permanent isolation system, this alternative would require installing four 54-inch isolation valve, approximately 11 to 12 feet off the ground inside the pipe gallery. These valves are large, they're heavy and would be difficult to fit in the existing piping arrangement due to their sizes as the pipe is constructed today.

Orville:

This requires a temporary plug to be installed to stop the floor from the channel that comes into the treatment plant. While this alternative would provide the RWA with convenience and his of isolating flow in the future, it is a costly alternative with a high construction risk and therefore this alternative is not recommended. Based on the OPC done, this would be an additional $1.5 million to $2 million.

Orville:

The third alternative, which is the recommended alternative temporary isolation system. Temporary plug involves less cutting to existing pipe as compared to the installation of permanent 54-inch valve at 11 to 12 feet off the ground. This make it less invasive and reduces the length of construction, since mechanical plugs are much easier to install than the elevated valves at that elevation. The mechanical plugs can be reused for future isolation needs for the RWA and therefore this recommended alternative addresses the agent valve in a cost effective and operational efficient manner.

Orville:

Next slide, please. The budget and schedule. The filter influent valve project is budgeted as a multi-year project of $2.69 million. While the average annual spend for the valve replacement program is anticipated to range from 100,000 to 700,000 annually. Typically, alternating between planning and construction years.

Orville:

Based on the requirement to perform this work during the low demand season, November through March. It is anticipated that no active construction will occur during the winter season based on supply lead times item. The proposed project schedule is the submission to the RPB, to the authority in March anticipated RPB action, sometime in July, but the final design in permitting and bid in October, August or October of 2022 and the project award and construction to begin sometime in November '22 and completed in '24. It is noted that active construction on this project would be sometime between November of 2023 and March of 2024, which would work well just based on the long lead time that we're seeing with supply chains presently.

Orville:

In summary, the water treatment plant valve replacement program will address replacing aging leaky valves, and actuators that have reached the end of their usual life improves filter control, or filter plant control, and reliability by assessing and replacing critical valve as needed, water treatment plants. The replacement of the Lake Gaillard filter influent valve project will reduce the risk of unexpected shutdown at the Lake Gaillard Water Treatment Plant, which is an 80 MGD capacity facility, the RWA's largest and most critical facility.

Orville:

It also provides mechanical plug that is reusable and gives us the means of isolating filter influent flow for future inspections and or maintenance as well as it is the most effective solution to provide flow isolation to install this new valve. And with that, we open up for questions, should you have any? Thank you for your time.

David:

Questions? Yes, Suzanne.

Suzanne:

I just have a question about actually what we're doing, because I don't... And it might just be the usage of the word temporary and that's confusing me, so we have these big valves. They're 10-feet off the ground, they're past their useful life, they're leaking, we need to replace them. But instead of replacing them because where they are, construction wise, it's too challenging, and too difficult they end up on our head while we're trying to actually replace them. We're going to put temporaries in there.

Jim:

The temporary provision is only a plug, a mechanical plug to isolate flow. So, we can take individual portions of the plant offline it's the temporary plug is not referring to the actual valves. The actual valves we're replacing are 30-inch butterfly valves, filter influent valve.

Suzanne:

Yeah. But the plugs are like, when we think back to the Lake Gaillard tunnel, it's the workaround so that you can do the work.

Jim:

Yes.

Orville:

Correct.

Suzanne:

And then which is replacing those valves that are 11-feet off the ground.

Orville:

Right.

Jim:

Right.

Sunny:

Because I think there are 16 filters. So, we are going to replace all the 16 filters. The valves are actually at the influent of the filters. So, water goes into the filters right before to isolate the filters these valves are there. So, in that way you can actually work on the filters. So, there is one, two, three, one to 16 filters that are there. So, what we plan to do is just do four at one time. So we will actually remove 13 to 16, then we will remove I would say once the 13 to 16 valves are fixed.

Sunny:

We move to nine to 12, and then one to four, and then five to eight. So, it is a way to isolate the flow itself.

Suzanne:

Sure.

Sunny:

So, in that way, you can actually have the other 12 filters in operation while construction is going on in the last four filters.

Suzanne:

Okay. But the big valves that are 11-feet off the ground, do they ultimately get replaced?

Orville:

No. So the-

Suzanne:

Because of the leaking.

Orville:

The valves that get replaced are the valves that goes into the filter. The 11-feet off the ground ones we're talking about. Those would be in the event we don't go with the temporary plugs. We would be required to install permanent isolation valves, and that would require us to cut pipes, and that arrangement is more of a challenging arrangement for us. So, those 54-inch valves is not being installed. We are using the temporary plug instead to give us the safe working zone down stream of where the water is going to be stopped.

Suzanne:

So, there's nothing wrong with the 54-inch valves.

Orville:

There are no 54-inch valves presently.

Suzanne:

Okay. So, there's nothing wrong with the valves that are 11-feet off the ground. We're not replacing this.

Speaker 9:

We're not. We're only replacing the influent valves for the filters.

Suzanne:

Okay. [crosstalk 00:14:30] Okay. I think I understand.

David:

Any other questions? All right. There are three motions I believe here because this is sensitive information being that we're a water company. So, one is for protective order, one is for confidential information, and then the actual application approval of filing it with the RPB is your pleasure to somebody put on the table, all three, because they're all related.

Catherine:

Yeah, I'm fine with that.

David:

Is that a motion?

Catherine:

I move the approval of all three motions.

David:

Okay.

Suzanne:

The resolution [inaudible 00:15:15].

David:

The resolution-

Catherine:

The resolution, the protective order and the motion, most of our protective order, their resolution and the proposal.

David:

And the proposed resolution and the proposed information. Okay. Is there a second?

Suzanne:

I don't feel I understand it still. So I'm...

Catherine:

Okay.

Suzanne:

I'm usually pretty good at this stuff.

Catherine:

Well, I'll second it for a discussion.

David:

All right, well, let's have a discussion then.

Kevin:

So, I think if it passes through the committee today, through the five member authority today. And I'd have to look at the format of it, but the RPB has their own I think according to their rules of practice the format of what they like to see in the application and I know this was a presentation, not the actual application itself. So, but I would just make sure that it tracks whatever the required RPB standard rules of practice format is for RPB rules of practice.

David:

They'll be referring it to the finance committee to check if it's a complete application.

Kevin:

To see if it's complete. So, I mean, to pass that test, yes.

David:

[crosstalk 00:16:17] they're going to have that and then I'm not sure if there was diagrams involved with the application of looking to see because the application was a second item.

Kevin:

Yeah.

Catherine:

It's long.

David:

Statement about patient description and transaction-

Kevin:

Drawings of something you can share.

David:

Pretty nice [inaudible 00:16:35]

Suzanne:

That might not be.

Orville:

There are preliminary drawings in the application.

Sunny:

I think you can share that.

Orville:

Yeah, maybe you could share that, that would be great.

Jennifer:

Tell me what page.

Orville:

It's probably towards the end maybe.

Orville:

Appendix or something. It should be appendix A in the confidentiality agreement.

Suzanne:

Yeah. I made an assumption. So, let me just ask the question. Is the range 100,000 to 700,000 based upon whether this is a planning year or a construction year?

Orville:

That is correct.

Suzanne:

Okay.

Orville:

We're thinking up to 100 in the planning year and up to 700 in the construction year or the replacement year, which would be the year after.

Suzanne:

Yeah. I decided not to assume, I just ask.

Orville:

Is that right?

Suzanne:

Is that the best diagram? [inaudible 00:17:39].

Orville:

That's the best layout diagram. There should be a cut section inside there that shows the valve of the ground, Jennifer. Okay so, Jennifer on that sheet. Stay right there. What we're looking at is those areas that are in gray, that's the area where the plugs would be place. And that would be isolating the water from going into the areas where you're seeing those two sections of pipe going to the right and to the left, right? That's all the water comes into the building and it goes from the flocculation essence over to the filters. All right. Keep scrolling down, Jennifer, please. Keep going.

Orville:

Yeah, page seven.

Orville:

There we go. No, there we go. All right. If you just kind of slide your screen over to your... No, the other way to your right. Your right or my right. Keep going a little bit more. Thank you very much. Thank you, Jennifer. All right. So, that's a side view of that 78-inch pipe coming into the treatment plant building and if you look closely, there is a opening at the center top over to the right of where that pipe runs across, that'll be where your 30-inch valve would be isolated. And that is the valve that goes into the filter.

Orville:

And I don't know if you could see clearly it says, 30-inch steel, your backwash supply that's there. The valve is over to your right.

Suzanne:

Far left though, yeah.

Orville:

I'm sorry, that's-

Jennifer:

That's okay.

Orville:

I can't take control of this, but if you trace that pipe where the gray is shown over to your left, if you trace that pipe going across, that's your feed line going into your filter.

Jennifer:

So you've got control of it now.

Jennifer:

Orville, you have control.

Orville:

I do. Thank you. You're seeing my mouse here.

Suzanne:

Yep.

David:

Yep.

Orville:

This gray section is where you're isolated and that is going to stop the flow from going through this pipe. And this is all we are feeding into the filters. Right at this location here, there's a line that goes this way, that feeds to a section of four filters and it continues this way and goes to another four. So, your influent line, your influent valve would be on this line here and also on this line, the temporary plug that we are putting in is over this location because there's no isolation valve on this feed line here that will isolate the flow that goes to the four filters down these pipes.

Suzanne:

Okay. So-

Orville:

And the... Go ahead.

Suzanne:

So, what's with the big valves, 11-feet. Why are we even talking about big valves and 11-feet off the ground?

Orville:

Those valve is an alternative method we looked at. We looked at... could we put some isolation valve in this pipe so we would have future permanent valves in place. That option proved to be more costly for us. And so, we just wanted to do a thorough understanding as to the best use of RWA dollars and what's best for us. But because of how this pipes were connected and constructed, there is no room below to do this. It would interrupt or we access the pipe gallery. And therefore that those 40, those 54-inch valves were not recommended.

Suzanne:

Okay. So I got it.

Suzanne:

No, I was also wondering where this 54, because it was one of the options that Orville discussed, that we did not really pursue it. Yeah, okay.

Suzanne:

Got it. So, the temporary valve, which is the gray area, the temporary plug you're saying can be reused again?

Orville:

Absolutely.

Suzanne:

Okay. So you get it, you put it in, you take it out when your work is done, you can use it again, whatever. So, instead of having a permanent valve, you can continue to use the plug. I got it. Thank you. Appreciate it.

Orville:

No problem. Thank you.

David:

And the valves that are being replaced, are there any other valves, is there any valves being replaced or is this...

Orville:

These would be the first project out of this entire program, right? So, the program probably looks at all the frequent plants, both the interior valves and the art valves. So, this is the first project out of this program.

David:

Right. But are there valves being replaced as part of this in addition to the temporary plugs.

Orville:

Yes.

Orville:

A 30-inch butterfly valves.

David:

Yeah. And that's where those are located.

David:

Okay.

David:

If you go to the end, just scroll up a little bit.

David:

Okay. Orville, you want to go to the planner?

Jim:

David, I'd like to offer to the board, anytime there's going to be a project of this magnitude that we have a field trip, because it's awful difficult to read drawings and it's much easier to see this up in the field.

David:

Yeah. There's some pictures, some photos later on, which I thought we would actually use.

Catherine:

I think the hesitation was why are we going to vote on something that's temporary instead of voting-

David:

Right. But it's not, it's permanently replacing the valve.

Catherine:

But it was a temporarily use order to do the permanent-

David:

Right, yes, yes, yes.

Catherine:

Totally got it.

Suzanne:

Thank you. Catherine, well said, that's what I was trying to say.

Orville:

So, in this case, the valves that are going to be replaced on this filter would be this valve right here.

David:
Got you.

Orville:
That's your influent that goes into the filter.

Suzanne:
Temporary, the valve [inaudible 00:24:03].

David:
Kind of like the Davis Road bridge, the dam we might put up to give us access to the other dam.

Speaker 1:
Right. Yep. All right. Okay. So, we have the motion of the second we had discussion.

David:
Yeah. Are we having more discussion or are we ready to vote now.

Catherine:
I'm ready to vote.

Suzanne:
I'm ready to vote.

David:
All those in favor of the motion signify by saying, aye.

Board Room:
Aye.

David:
Passes you the unanimous vote. All right. Thank you very much-

Orville:
Thank you.

David:
... gentlemen for your presentation.

Suzanne:
Yes, any additional explanation?

Catherine:

Yes. That was helpful.

David:
All right. So then, I'll [crosstalk 00:24:35].

Jim:
Thanks everyone.

Orville:
All right. Thank you very much.

David:
Who wants to move to adjourn?

Suzanne:
I'll move to adjourn.

Catherine:
It's okay.

David:
All those in favor, aye.

Board Room:
Aye.