

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

AGENDA

Regular Meeting of Monday, August 8, 2022 at 5:00 p.m.

1. Safety Moment
2. Approval of Minutes – July 12, 2022 special meeting
3. Ten Year Model Potential Scenarios
4. New Business
5. Next regular meeting – Monday, September 12, 2022 at 5:00 p.m.
6. Adjourn

****Members of the public may attend the meeting via remote access. For information on attending the meeting via remote access and to view meeting documents, please visit <https://tinyurl.com/2p83z3xu>. For questions, contact the board office at 203-401-2515 or email jslubowski@rwater.com**

Representative Policy Board
Finance Committee Meeting
Monday, August 8, 2022 at 5:00 p.m.

Call in (*audio only*)

[+1 469-965-2517](tel:+14699652517),546568640# United States, Dallas

Phone Conference ID: 546 568 640#

For questions, contact the board office at 203-401-2515 or by email at jslubowski@rwater.com

SAFETY MOMENT

AVOID POISON IVY

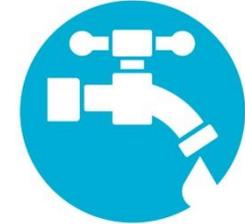
The stuff grows everywhere – in the yard, beside the highway and in city parks. And if botany's not your thing, follow the old adage: "Leaves of three, let it be." Most of us will develop some sort of rash from exposure to the oils in poison ivy and poison oak. The oil comes from the plant leaf and stem and can stay on your skin, clothes, shoes, work gloves – even your dog.

AVOID EXPOSURE TO POISON IVY BY:

- Wearing protective clothing while gardening or hiking in the woods
- Washing skin and clothes well with regular soap or laundry detergent
- Use cortisone cream to treat rashes or use oral antihistamines
- If experiencing more severe symptoms see a doctor



Tap Into
Safety



Regional Water Authority

Service – Teamwork – Accountability – Respect – Safety

Safety is a core company value at the Regional Water Authority .
It is our goal to reduce workplace injuries to zero.

Regional Water Authority

UNAPPROVED DRAFT

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

MINUTES

Special Meeting of Monday, July 12, 2022 at 5:00 p.m.

Committee Members Present: Tim Slocum, Tom Clifford, Charles Havrda, Jay Jaser, and Michelle Verderame

Committee Members Absent: Vincent Marino

FMA Member: Catherine LaMarr

Management: Rochelle Kowalski

OCA: Atty. Jeffrey Donofrio

Staff: Jennifer Slubowski

Chair Slocum called the meeting to order at 5:03 p.m. He reviewed the Safety Moment distributed to members.

On motion made by Mr. Clifford, seconded by Mr. Havrda, and unanimously carried, the committee voted to approve the minutes of its June 13, 2022 regular meeting.

Ms. Kowalski, RWA's Vice President of Financial Reporting & Analysis, reviewed the Year-end Financial Report for the fiscal year ended May 31, 2022, which included:

- Balance sheet
- Maintenance test year-end projections
- Operating and maintenance key variances
- Capital expenditures
- Investment earnings report
- Year-end disposition

Committee members discussed metered revenue and consumption, coverage, and outside services.

Ms. Kowalski reviewed the RPB Dashboard Metrics for the FY 2022 fourth quarter.

There was no new business to report.

On motion made by Mr. Havrda, seconded by Mr. Clifford, and unanimously carried, the committee voted to elect Mr. Slocum as Chairperson for 2022-2023.

At 5:38 p.m., on motion made by Mr. Clifford, seconded by Mr. Havrda, and unanimously carried, the meeting adjourned.

Representative Policy Board
Finance Committee
July 12, 2022

UNAPPROVED DRAFT

Timothy Slocum, Chairman

Ten-Year Model - Scenario Discussion
RPB Finance Committee
August 8, 2022



Model Scenarios – For Discussion Purposes

Focused on:

- Depreciation
- Pension
- Other Post Employment Benefits (“OPEB”)
- Commercial Net Revenue
- Capital Requirements/Subsidies
- Water Revenue Decline
- Reserve Fund Balances

Considerations:

- Affordability/Rates
- Allocation of Pension Contribution – Post Fiscal 2025
- Leverage

2021 Model Scenarios

2021 Approach – Base Case and Target Case – each with associated scenarios

- **Scenarios primarily related to varying levels of capital expenditures, subsidies, commercial revenue transfers, and depreciation – developed incrementally**
- **Target scenario focused on mitigation to rate increases and leverage**

1) Scenario- Base Case – January 2022 Rate Increase Less Than 7%

- RSF at \$10m, General Fund at \$11.6m, and coverage at 114%
- Growth Fund used to fund commercial capital projects
- Pension fully funded - fiscal 2025. Post 2025 – increased depreciation and OPEB
- Updated capital improvement plan
- Net commercial revenue reflects organic growth, July transaction, and WellSafe
- Rate Applications – every 18 months

2) Scenario – Target Case January 2022 & July 2023 Rate Increase Less Than 7%

Base case plus:

- Commercial revenue reaches \$9.2M by FY 2025
- Growth Fund used for non-organic growth/ potential use of subordinate debt

2021 Model Scenarios (cont.)

Scenario 2 – Target Case (cont.)

- Assumes interim financing used to mitigate rate increase in next rate application (July 2023)
- Includes additional (vs. base case) grants/subsidies and refinancing
- Depreciation \$1.5m in January 2025 and July 2026 cases, when pension is fully funded

Scenario 3 - \$30m capital increase spread between FY 2024 and FY 2025

Scenario 4 - Target plus 10% capital increase beginning in FY 2024

Scenario 5 – Base plus \$30m capital increase FY 2024 and FY 2025

Scenario 6 - Base plus 10% capital increase beginning in FY 2024

Your Thoughts and Comments



APPENDIX

2020 Model Scenarios

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

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

General & Rate Stabilization Funds each at \$10 million

Growth Fund used to fund commercial capital project

Coverage at 114%

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

General Fund excess used to offset Jan. 2021 rate increase

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

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

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

Focused on outer years - subsequent to July 2021 rate application

2020 Model Scenarios (cont.)

4) Scenario - Increase in Capital

10% starting in fiscal 2022

5) Scenario - Capital expenditure increase

One time \$15 million

6) Scenario – Pension

Fully funded end of fiscal 2023 vs. fiscal 2025