REPRESENTATIVE POLICY BOARD

FINANCE COMMITTEE

APRIL 10, 2023

MEETING TRANSCRIPTION

Tim:

So it's 5:02, which looks like we've got a full group here. So I will call the meeting of the Finance Committee of the Representative Policy Board to order. It's April 10th, a little after 5:00. Well, we've got our safety moment. I'm sure everyone's excited about that. It's about being, I remember I pulled it up and I'm trying to recapture, believe it or not, I lost the link to tonight's meeting for whatever reason and I had to resend. I work from multiple devices and for some reason of the email was lost on the other device that I use for this. So this is the three Cs of safety: check, call, care. So you'll do the details after the meeting. So with that, I will move along to the approval of the minutes for March 13th, 2023.

Charles:

I'll move.

Jay:

Second.

Tim:

Okay. We have a motion and a second. We had Charles and I believe Jay. Any discussion? Looks good, all those in favor?

Committee:

Aye.

Tim:

Motion carries of all those present. So next is consider an act on recommendation to the RPB regarding completeness, mode and date of public hearing for the Authority's application for a purchase of assets, building and land of Target One, a confidential plumbing company. I have a procedural question here. We do have a draft motion and I guess we also have sort of a conversation to take place, which I would assume is, does it remain in executive session? How's that work?

Larry:

Any discussion of the plumbing company that provides information about its name, location, size, et cetera, should be done in executive session because of the confidential order that we have.

Tim:

Right, yes. And I know we all signed on to that and everything else. So whereas we're sort of recommending to the RPB, this motion which is before us, is it appropriate then to go into executive session just in case this robust committee has any questions relative to that whole thing?

Larry:

I believe, Jeff or Mario can correct me, but I think the discussion about the acquisition itself would be held off until the hearing. The questions would only be pertaining to its completeness.

Jeff:

Right.

Tim:

Okay.

Mario:

I would suggest then that the items, there's several steps in the Rules of Practice for an application to purchase an asset like this and really what the Finance Committee's being asked is did they dot those I's and cross those T's in order to provide enough information for the full RPB to schedule the public hearing.

Tim:

Okay.

Mario:

So if anyone wants to get into specifics, then we would need to go into executive session.

Tim:

But the bottom line is what we received openly, which we could look at and read. As long as we're substantially satisfied with that, we can certainly move on to this recommendation. Would that be correct or...

Charles:

Should Jeff weigh in just to-

Tim:

Sure. Whoever wants to, I just feel a little handicapped here to be honest with you.

Jeff:

Yes, I mean all you're doing at this point is determining whether or not the application is complete in terms of whether it satisfies, you're not weighing the merits of it, you're just evaluating whether it satisfies the requirements for an application under the rules. And whenever I review an application, I have a checklist and I go through it and I sit there with my little handy dandy checklist and check off whether or not everything that needs to be there without getting into whether I agree with it or whether it's meritorious or not. Just does it meet the bare minimum requirements for an application and therefore justify sending it to the RPB to schedule a hearing? And I reviewed this one including the confidential materials and found that it was complete.

Tim:

Okay.

Charles:

That's good.

Tim:

Then that certainly satisfies, okay. So essentially you-

Charles:

Any motion that we make now is not going to preclude any questions we have in the future on the application itself.

Tim:

Absolutely, right. So we'll have a motion from Charles.

Tim:

I have the motion from Charles and Tom, I think I got your second first, is that correct?

Tom:

Right.

Jay:

I have a question, Mr. Chairman. Jay.

Tim:

Yes. Jay.

Jay:

Of Jeff.

Jeff:

Sure.

Jay:

I'm just looking at it both ways from their sale and our purchase, but are we disclosing to any buyers that we are a nonprofit company and yet we make a profit but we handle that through the construction company? I wouldn't want anybody to come back at us, even an employee that we have with the acquisition.

Larry:

That is disclosed to any company that we enter into discussions with, we describe the RWA and its nonprofit status.

Rochelle:

And maybe I can just add, so when we acquire these entities and as long as they're consistent with our enabling legislation, which they would be if we're acquiring them, they actually become a not-for-profit and they become part of the Authority.

Jay:

I go along with that answer. Yes. Thank you.

Tim:

Okay. So in essence, the motion is before us and it's essentially to recommend a proposed resolution be advanced as I determine it based on the language of the motion that we're satisfied that it meets all the meets and bounds. So am I correct Jeff in portraying it that way?

Jeff:

Yes, all you're doing is saying, "Hey, under our rules of practice, we've got a rule 24 that identifies what has to be included in terms of the components of the application," and this application includes those components. So we now think it should be forwarded to the RPB so that a public hearing can be scheduled and a presiding member appointed.

Tim:

Terrific. Okay. So do we want to read the motion? We've had it seconded, I presume we've all read it. Is everyone comfortable with that? We didn't read the whole proposal. You satisfied with that? Does that satisfy the minutes? Does it satisfy the record, Jeff? Okay.

Jeff:

Yes.

Tim:

Okay. Well then without further discussion, unless there is some, I think we're comfortable that we can vote on this, I'll call for the vote. So all those in favor, say. Aye.

Committee

Aye.

Tim:

Any opposed? Any abstaining? Okay, so we move this along with the full support of the Finance Committee. Thanks for that. Sorry to belabor it, but everything's a little different one board to the next. So I just was a bit puzzled.

Mario:

This is the first application of this type, Tim, so.

Tim:

So those were good questions. Thank you Mario.

Mario:

Excellent questions.

Rochelle:

Thank you.

Tim:

Okay, thank you Rochelle, with that we're going to hand this off to Rochelle to give the quarterly financial statements review.

Rochelle:

All right, and I'm just going to touch upon the highlights. I'm going through this, but if you have any questions just stop me as we go and Jennifer, if you can maybe make it just a little bit bigger. Yeah that's good. Okay, so starting in the asset area, as you would expect on year over year, our total utility plant and service is up by about 18.6 million. And just to refresh everyone, what we're doing here is we're comparing February of 2022 to February of 2023. Also you could see that our cash and cash equivalence is actually up by 3.7 million and that's primarily due to increases within the revenue fund and to small smaller degree increases year over year in our growth fund. You could also see that accounts receivable here is down year over year by about 3.3 million. One of the things that you need to keep in mind here is that January of 2022 went to a lesser degree, like February of 2022 is where we did our conversion of monthly billing and that did cause like a spike in our billings as we did that conversion to monthly billing.

And I will just mention, I think everyone is aware our accounts receivable or definitely down over what the peak was due to the pandemic, but we are still seeing, we'll get into that when we go through the dashboard. We are still seeing some elevated receivables that we're working through. Also here on our restricted assets you can see that restricted assets is down by about 12.8 million. That's primarily due to the change in the construction fund. So in January of 2022 we did a pretty significant bond financing, so the remaining bond proceeds are relatively low and that was partially offset by our year end disposition that we did, which you might recall was actually the largest amount that we put into the construction fund. The deferred outflows and inflows, just, so I'm going to touch upon those. So the deferred charge on the refunding is based on amortizations that we do throughout the year.

That has to do with our 36 series refinancing, as well as prior refinancings. The pension plan the old tab other than at the end of each fiscal year when we get our actuarial reports and we update the inflows and outflows throughout the year. It's really based on the amortizations that we're doing every month. If you move over to the liability con, and maybe just, thanks Jennifer. So here, just a couple things to note. Our total non-current liabilities is actually down by 21.4 million. That's primarily due to the change in our revenue bonds payable and that is primarily due to our August principal payments as well as there was also a favorable impact on par when we did our delayed refunding. That was actually done in May of 2022, but after February of 2022, which is the comparison period, the current liabilities are actually up just a little bit by about 2.2 million and that's primarily due to our upcoming revenue bond payment, which will be in August of 2023 is higher than what it was last year.

So you can see that our upcoming payment is going to be, principle payment's going to be about 22.6 million and then there's just some other net changes within AP as well as also a small change in our current portion of our drinking water state revolving fund loans. So those are the key drivers there. The overall, the total liabilities are actually down by 18.9 million. I do just want to go back and mention up at the top that the change that you see relative to the net pension liability that was due to the market values in May of 2022 and they would be updated again based on our actuarial report in May of 2023. You scroll all the way down. Here, I just want to mention that our total net position is up year over year by about 30.9 million. You can see what the breakout is there of the various makeups of net position. There's no questions on the balance sheet. I can move into the PNL.

Tim:

I did actually have a silly question. Usually, Goodwill kind of hangs around at the same number. What was the charge against Goodwill to make... How does that move?

Rochelle:

Actually, under GASBY, which is not necessarily the same as private company accounting, we actually are amortizing Goodwill. This was actually something that came up a couple years ago, so we will be amortizing that.

Tim:

...A couple years ago?

Rochelle:

Yes.

Tim:

Okay. Appreciate that answer. Thank you.

Rochelle:

So starting at the top here you can see that operating revenues are up versus budget by about 2.5 million and that's just a little over 2%. Our O and M expenses you can see is actually under by about almost 4.8 million, that's roughly 10%. I'm again just going to highlight some of the key items. Pilot is also running under, that's also impacting our maintenance test, which I'll get into in a minute. Interest income you can see is well over budget and that's the positive impact of the higher interest rate environment that we're in. So that's actually a favorable impact versus our budget. The intergovernmental revenue, that's our... We did two financings through drinking water state revolving fund early in the fiscal year and that's the grant component of that. If going down now to the maintenance test, so for the maintenance test we're actually based on, through February results we're projecting to have coverage of 126%.

You might remember last quarter we were projecting about 123%. Few key things here that are driving that. Major driver is actually interest income. So you can see that that's significantly over the budgeted amount. Again, the favorable impact of a higher interest rate environment, water sales is also contributing but to a lesser degree. And then in operating in maintenance expenses, you probably saw this if you had a chance to look at your budget packages, we are actually anticipating now coming in a little bit under our O and M budget and that is inclusive pending the authority board's approval to do an additional pension contribution above and beyond what our budget was. So we've incorporated that and even with that our current projections is to come in just a little bit under budget. As far as other drivers of our coverage projection, we also had assumed that we would close on one more drinking water state revolving fund loan earlier in the fiscal year and that's now been pushed out a bit. May close by the end of this fiscal year or earlier, very early next fiscal year. So that's having a favorable impact on our debt service. Any questions before I go to the next page?

Tim:

You mentioned something regarding the pilot which you were going to elaborate on and I wasn't, unless I misheard you.

Rochelle:

Oh, so pilot is also a contributor to both our audited financials are generally accepted accounting principles, financials as well. It's also a contributor to our favorability on the maintenance test and I think you may recall that we have to estimate what our mill rates are. So we don't have the mill rates, we just have our grand list at the time that we do our budget. So our pilot has come in under what our estimate was.

Tim:

So in essence you were projecting higher revenue from tax increases?

Rochelle:

Higher? No, actually higher expense due to a higher mill-

Tim:

Okay. Right, and those didn't quite pan out but that'll probably be more than met this year with increases.

Rochelle:

We'll see. If there's no more questions here I'm going to get into a little bit more detail on the O and M. Actually before I do that, this is basically a repeat of what I showed earlier, but this is where we do our sensitivities. We do this sensitivity from both a audited financial format as well as from a maintenance test format and if you scroll down a little bit more, Jennifer, what this does show is even with only one more quarter to go and with what would be a relatively small change in our consumption assumption, it can still have an impact on our coverage. So this is looking at a 4% increase for March through May or a 4% decrease and even like I said on a pretty small change in revenue, it can change our coverage by about 1%. So earlier in the year you might recall that there's a much bigger difference when we do these sensitivities, but now we only have three months to go. But that's the purpose of this particular sheet, to show sensitivities and what they would do from a coverage as well as just from a financial statement perspective. Go to the next page.

Okay, here I'm just going to touch upon some of the key variances and a lot of this is consistent with what you've heard in a prior quarter. So payroll is under and that is primarily due to our headcount under runs and we are now projecting for the payroll line item to come in under. Employee benefits is also under and that is primarily due to medical. We have still seen lower claims than what we've budgeted and that's a key thing that's making room as well as payroll to be able to do that additional pension contribution and you can see that in the projection column. Other ones of the variances, just going a little bit further down the page, pump power is currently under budget by a little over 200,000. We are seeing some lower usage versus budget as well as some timing postage and collection expenses. I'm going to combine them because they're both lower than what we expected.

Both is because we haven't seen that as significant increases we expected when we converted to monthly billing so we're watching that closely. On the collection expense side, it's lower than anticipated bank fees and postage is also running lower than we had anticipated. Business improvements is lower by about 253,000 and that's primarily because we accelerated some expenses into fiscal 2022. We're looking at doing that again, which is, while you don't see the under run being projected when we're looking at the total year, which is the remaining four columns. Outside services is also running under year to date pretty considerably based on, in particular, some of the backfills now coming on board for the .CIS project, we're actually projecting that by the end of this year we're going to be back up to pretty close to the budget and outside services just a little bit under insurance premiums right now are running under, that's primarily due to our reserve requirements and we are currently projecting that to come in a little bit under our budget as well.

A couple of the other larger variances, is IT licensing and fees. We are, year to date that's under by about 300,000. Some of that is permanent and some of it is just timing. You can see that in the projection. Similarly for maintenance and repair we're under year to date by about 378,000. Most of that we are now projecting will be permanent savings for fiscal 2023. So the last few columns are where we're projecting, based on our consumption estimates we are projecting coming in about 62, almost 63 million. So just slightly under budget as I mentioned earlier. And then here again in this schedule we're doing the 4% up and down and really the variable cost is really coming from chemicals and pump power because at this point almost everything else is fixed. This just shows some of the sensitivities as well. Any questions? Okay, going to the next page.

So here before I get into some of the project level detail, just want to talk at a high level for a minute. We are currently projecting based on through February results that we will meet our 96% target. That is with moving at this point about 9.7 million into what we're calling our project reserve. And we're doing that due to external factors such as supply chain or in the case of the derby tank, due to vehicle considerations. And we're doing that with the authority board's approval because we want to reserve the funds that we put aside for some of our larger projects. So like the Clarifier project is an example, the Derby Tank is an example. Some of our larger projects, our CIS project is another example where we want to make sure that we're not spending money just to meet the 96% target.

We want to do it prudently. So we're developed this project reserve where we're putting money into that so it's available next year and you'll see that also when we go through our fiscal 2024 budget when we go through the capital budget that will, we'll talk about that even more at that time. Right. Do want to mention that, and for just some of the key variances, I'm not going to get into all of the projects but just a few of them. So filter media that is running over and that is primarily how that project was spread and the work that has been done is now completed and you can see that by the end of the year it's going to be just slightly over the budget. The treatment plane of graphics upgrade is under by about 203,000 and that is due to some of the delays relative to the signing of the PSA and getting that all squared away.

That project is now progressing and that project you'll also see as part of the fiscal 2024 budget. Another one of the projects I just want to highlight is the West River Water treatment plan improvements. That project is moving along but it is currently under expended by about 1.7 million and that's just due to primarily contractor material delays and some other delays that have come up and there has been an amendment that was processed for that project. The Seymor Will Fill generator replacement, I just want to mention this one. It's only under expended by about 157,000. The reason that this project is under right now, this is actually going to be one of our congressional directed spending projects. So we got this approved as part of the fiscal 23 appropriations bill and we need to make sure that we're following all the bidding criteria. So we've been working with EPA to make sure everything is in order so we don't lose our subsidy for this project.

The water treatment plant valve replacement program, you can see this is one that is actually over expended at this point, although a budget has been amended. This is actually a project that was moving along very well and actually although the work was originally going to be spread over two fiscal years, it's basically going to be completed in fiscal 23. So that's good news on that project. For the pipe, you can see that it looks like we're under year to date, but we're projecting that we're going to be basically very close to the capital budget and the primary driver of this under run is actually in our line called municipal in Connecticut DOT Redevelopment projects. And that's because we're getting reimbursed for the non-betterment piece and the betterment piece is the piece that we're paying. So through this period, most of the work on 34 Derby Avenue has been on the reimbursable side and we're expecting that to shift for the remainder of the fiscal year. Cap service connections is actually another area where year to date we are over budget and this has to do with additional service transfer work. That additional volume, we're actually seeing a pretty significant increase in this area versus last year.

Just moving a little bit further down the page here, other things that I just want to highlight is the Ansonia derby tank that is currently under by about 200, almost 228,000. This is actually a project that does have money in that project reserve that I mentioned because we're definitely going to need that in fiscal 2024.

Going down to the general plant category, I just want to highlight a few things here. We are still hoping that our no DES vehicle, that is part of, if you scroll down just a little bit more, Jennifer, which is part of what you see in equipment where cautiously optimistic that may come in this fiscal year and we're watching that very closely. That's going to help us with our flushing in early part of fiscal 24. The other thing that I want to mention, you do see that there's an under run in our CIS project and this is primarily due to the timing of when we close the agreement as well as what the milestone payments are going to be under our finalized contract. So we also put some money there into the project reserve, so we'll have that money available as needed in fiscal 2024. I think those are the primary variances that I wanted to highlight. This is something that we're watching closely, keeping in mind our 96% target and trying to be flexible given some of the supply chain and other challenges that we're seeing relative to our capital programs. Are there are any questions?

Jay:

Say, Rochelle, this is Jay. It may not be appropriate right now, but I just want to ask. There was something last week by President Biden saying that he denied the quarter company expansion and I don't know, did that have anything to do with copper? Anyone see anything like that?

Rochelle:

I'm not familiar with what you're referring to. I'm not familiar with what you're referring to.

Mario:

Jay, you may be referring to the waters of the US rule, the EPA is trying to reinstate and Congress was trying to block it.

Rochelle:

This is the regulation, whether it's controversial about what's going to be regulated and not.

Mario:

Correct. And that's really raw waters as opposed to drinking water if that's what you're referring to. I think that was last week.

Jay:

Yes, so that's the well water then rather than-

Mario:

Streams and intermittent waterways and what's wetlands, what's not wetlands.

Jay:

Okay, thank you for that.

Rochelle:

So this is where we show our, what we have in invested in what their earnings are. So again, this is the favorable side of higher interest earnings. So you can see here that at the time that we did the budget, I mean the interest rates were extremely low and they have gone up significantly. You could even see that they've gone up significantly even in the last very short timeframe with what the Fed is doing. So this is just laying that out and if you go to the next page, just we can come back here, but I just want to highlight something here. So this is what's really helping our maintenance test.

The higher returns that we're getting that were not expected at the time, not only when we did the budget, but at the time that we did our prior rate application because the interest rates were much lower. A couple other things though that I want to mention, you can see even though it's not part of the maintenance test, is we are earning monies on our construction fund and at this point we're basically only taking money out as needed. We're not doing early maturing, so we're keeping that money invested until we need it. The growth fund is also outside of the maintenance task and that has been also earning some revenues this year. So this is really impacting our maintenance task. So again, it's the favorable side of the higher interest rates.

Any questions?

Tim:

Looks good.

Jay:

Thank you.

Tim:

Very good, thank you Rochelle. So next we're onto the RPB quarterly dashboard report.

Rochelle:

And here I just want to highlight some of the key things, some of which we have somewhat covered. So our coverage, we're projecting to be at 1.6% without a draw. So that's good news. That was consistent with last year and as I mentioned, just a slight increase in our coverage outlook from the last quarter. Our capital expenditures, this we're watching very closely, it's helping us determine what levers to pull to meet our 96% and where we're coming out. So you could see that although we are under through February as far as our, we're below the budgeted amount in our 24.5 million, we're about a little over 54% of the budget. But the good news is last year we were only almost 38%. So we are making progress as far as what our spending is and as I mentioned, we're watching that really closely as we get closer to year end.

I mentioned the receivables. So this is something also that based on your input and our discussions we've added to our dashboard. So among other things, what we're doing on receivables, we're comparing them to where we were pre-pandemic and this shows the change in the age receivables. So this is receivables over 90 days and you can see although we are still elevated, we are making progress versus where we were even just a year ago. So a year ago we had an increase of about 48% over pre-pandemic levels for our residential customers and now we're just under 40%. So we still have a ways to go but we are making progress and we're thinking, I know you had asked for the dashboard that we... It should be things that we're really looking at. And this is one of the things that we're definitely looking at and comparing where we are versus where we were in February of 2020.

Another thing that we've been looking at is our pension market values. So this shows how they are changing and what their return is. We won't have, but we'll have a valuation update. We'll go to the authority board in April and then we'll also have our year-end actuarial reports. But you could see that although the values are down, at least they're trending up from what was pretty much a low in the September timeframe. So we are watching this closely and trying to make prudent decisions about what we're putting into the pension and what we're budgeting for the pension contributions both for this year, our additional pension contribution as well as what we put into the fiscal 24 budget and what we put into the rate application. Because we still want to get to that fully funded level, but we also want to be prudent about how much we're putting into the pension plan.

Other metrics that we're looking at are our draft and you could see, and this is through February, so through February, our average draft was the 44.788. Pretty close to the prior year, just a little bit higher. We will expect, we're already seeing that number when we record our fiscal year end number. That number will be down a bit from where it currently is. The disinfection byproducts, we're on target there. And this last update is actually through December 31, 2022. We're also watching our unaccounted for water. That good news there is that is trending down, so that's favorable. And then per your request, we added additional information relative to service interruptions and water quality. So we're tracking at this point we're just tracking the numbers of disruptions the customer impacted. We're also tracking the period that the customers are without water. At this point we're tracking our actual results versus a target of six hours. And then we're also tracking the number of wear quality complaints. And I know we've talked to you about potentially further refining, but this was our first step to just get this information onto the dashboard and then we can further refine it.

Any questions?

Tim:

No, it's a good-looking report.

Rochelle:

Thank you.

Tim:

Any questions?

Mario:

Thank you for adding the categories.

Tim:

Yes, that's really nice to see that.

Mario:

Meaningful.

Rochelle:

Thanks.

Tim:

Yes, no that's a good one. But one question I had about the number of disruptions. Now when the water company has a scheduled disruption, that wouldn't be included in any of these totals, right? Because I presume sometimes there are scheduled ones, maybe they don't last long, but am I mistaken on that or would that be all disruptions?

Rochelle:

This is actually, at this point we're limiting this to actually due to mean break. So at this point it's not-

Tim:

Yes, an emergency thing. Right, right. Okay, well that looks good. Thanks. Anyone else? Okay, then we'll move along to discussion of the FY2024 external auditor. Who's bringing that one up?

Rochelle:

Maybe I'll just give some background if that's okay.

Tim:

Sure.

Rochelle:

So the current audit firm, basically the last year of what was previously agreed to as fiscal 23. So we do have a decision to make about what we want to do looking out to fiscal 2024 and beyond. And if we want to do like an RFP to get some other inputs or what your point of view is.

Tim:

Any opinions on this?

Larry:

I might, Tim, if I may, I might add sure that as you recall, CLA took over Blum Shapiro, I think it was last year, right. But Blum Shapiro has been our auditor since at least 2009. So they've, they've been the long term auditor of the organization and CLA has agreed to hold Blum's fees at their current level. So even though they took them over, they did not increase their fee so just as a matter of background for consideration.

Rochelle:

Right, through 2023 and I will probably add there has been some changes between Blum and CLA. I mean some of their protocols are different. It actually does take longer to issue because they have a whole national level review. They are a bigger firm.

Tim:

So in a manner in that's... Go ahead.

Suzanne:

I'm sorry. Tim. Larry and Rochelle may want to also just add the systematic way in which Blum has changed team partners, team members of the audit team and the partners that supervise them just to keep from getting a little too cozy with any one group.

Tim:

Right.

Rochelle:

Right.

Tim:

And going back to Rochelle's comment about the, I don't want to call them upgraded standards, but just different, more elevated standards that you referred to. That in a way is sort of getting the benefit of a different team I suppose. Would you say that's correct? Should I interpret it that way?

Rochelle:

The national review that they have, I would say, is different than what was in place with Blum. I think to Suzanne's comment, we had been following the partner rotating every five years, even though it was the same firm. And with the last discussion that we had going back now a few years, we also rotated the manager as well, not at the same time as the partner, but to give a different perspective, I do think there's a couple options. We could actually do an RFP and see what we get back. We could ask CLA to quote and see how much they may now change their pricing. As Larry said, they committed to Blum's pricing, but that's through only this upcoming audit.

Tim:

So how many firms are out there? I mean are we looking at lots of different firms? If you put out an RFP, you attract three or four different firms that may have interest. Is that how it works?

Rochelle:

Yes.

Tim:

Is that an expectation?

Rochelle:

I would say probably we'll lease that because we do do other business with some of these other firms. We're using a firm that could be our auditor. We're using them for due diligence. We've used some firms, even our purchase accounting for some of our acquisitions or it could be a smaller firm.

Tim:

So Suzanne, if I may, what's the Authority sort of thinking on this? It almost begs that question.

Suzanne:

You mean about whether to stay with this company or not?

Tim:

Yes, do you go 15 years with a company like this or do you go out a little sooner? I mean, because I understand there is a comfort zone, even if you're changing managers, you kind of know what's coming. Not that you want surprises on the invitation, but what do you think?

Suzanne:

Well, the board hasn't discussed and/or made a recommendation about an RFP-

Tim:

I see.

Suzanne:

But what I would say is just that there's benefits to continuity and there's benefits to having objectivity and having some change up. And so I think this is the best of both worlds. To have a company that's highly competent, has a national perspective and disciplines and also at the local level changes up their management team and their partnership assignment on a offset basis so that you have the continuity of the team when the partner changes and you have the continuity of the partner when the team changes. So I do think it offers a good, well-balanced approach to it.

Tim:

In other words, what has more or less happened has been helpful is what you're suggesting?

Suzanne:

Correct.

Tim:

Just this merger and...

Suzanne:

There's always the opportunity to go to RFP just to see what the rest of the world does and what they have to offer. And sometimes what it does is just confirm that you are with the company that you want to be at. So there are a lot of different options for the RPB to consider, but for right now, I don't think that the RWA has a strong position either way.

Tim:

Well what's the committee thinking, Mario?

Mario:

Well Tim, I'll throw another option out there, which I'm guessing that Rochelle has thought about and maybe dismissed, but we could ask CLA to put together their methodology that they would use in order to freshen up and remain not only somewhat familiar with us, but how they would propose to be looking at it with a new perspective and how they physically will make changes so that we're getting a better value from the different firm. This way you're not actually going out the... If you're going to make a change, definitely you want to go out. I've never been a fan of going out for qualifications and proposals just to test the waters. If you think you're going to be staying with the existing firm just because it costs a lot of money to put together these qualification statements.

Rochelle:

I think I'd just add like last time what we did is we did ask Blum at the time to make a proposal and they did come back with a attractive proposal at the time.

Jay:

Have we been solicited by any accounting firms that have a background in mortar?

Rochelle:

Not really solicited. Like I said, we do work with other firms now other than CLA for some of our other activities.

Jay:

Yes.

Charles:

Tim?

Tim:

Yes, Charles.

Charles:

To Suzanne's point with this change to CLA, that effectively gives us this change and I certainly wouldn't do anything this year. Let's go through the cycle and then what Mario says after they've seen and experienced an audit, then we can ask them for recommendations of what they think we could do differently or what other changes they thought would be recommended. And that's when we can evaluate. But I think Suzanne made the point that at this point we have a change that we didn't make, but it is a change is what we were talking about anyway. So I think we should at least give him the year. That's for sure.

Rochelle:

Can I just clarify though, Charles, this will be, fiscal 23 will be CLA's` third year of being our auditor.

Charles:

CLA's third year?

Rochelle:

Yeah.

Charles:

Okay. So they actually made the... Okay.

Rochelle:

Yeah, fiscal 21, the acquisition had happened. It was sort of a transition year, fiscal 22, it was totally under CLA and fiscal 23 this last year will definitely be under CLA. So they know they have some experience with us.

Charles:

Well that lend lends more credence to what Mario was talking about, recommendations. Maybe throughout this audit is the time to ask that question then.

Tim:

Basically we will have been 15 years with the firm. That's a long time. It's not a reason to change but it's certainly a reason to consider after maybe the next year on RFP. So is there a tendency to thinking here, group thinker, whatever, that this probably should be a "go as we are" at the moment? Is that what's more or less recommended?

Charles:

That would be my tendency, yes.

Tom:

I would agree with Charles.

Tim:

Yes, I'm satisfied with that.

Rochelle:

Can I just clarify, you're talking about, so this audit, fiscal 23, will be CLA, are you talking about fiscal 24? That's just what I want to clarify, that you would leave CLA because we will have to get a quote from them and some information.

Tim:

Oh, okay. I see what you're saying. Well then-

Mario:

This is the end of the current contract, right?

Tim:

Okay. Well then this is maybe the time to put in Mario's suggestion with the next one, with some recommended whatever's that would enhance their audit process.

Charles:

So when you said that they were... Rochelle, when you said they were going to hold the price, then they're holding their price for this year, but we don't know about next year?

Rochelle:

Correct. They hold the price because Blum had agreed to five years, so they held that, but that ends for the fiscal 23 audit.

Tim:

Gotcha.

Charles:

Well then that makes sense Tim, if it's the end of the five-year cycle, they know it, they have had experience with our account. So I do think that's the time to just start the cycle and just, then we'll know.

Tim:

Yes.

Mario:

Would you do a two-step then to get some information from them, perhaps a proposal and if it has a lot of changes that you don't like, then you still have time for an RFP, right Rochelle?

Rochelle:

Yes.

Mario:

When would we have to go out for an RFP?

Rochelle:

I think we'd have to do it pretty soon. I was thinking if we're going to do this, it is a pretty big deal to change the auditor. So I wouldn't wait beyond when we issue, at the latest. So it'd be like September timeframe. So we could start working, if there is a new firm that we could start working with a new firm.

Tim:

Well how did you budget 2024.

Rochelle:

We did an estimate.

Tim:

Okay. See it built in some inflation. Maybe what you would anticipate would be inflationary with the same firm.

Rochelle:

Right.

Tim:

Okay.

Charles:

Would the two-step suggestion of Mario, where we ask them for their opinions of where we are and what we could do to improve and everything be a separate step from the RFP so that we could include their suggestions in the general RFP if we chose to? Mario, you were suggesting a two-step process one is asking them the recommendations.

Mario:

One step would be to solicit proposal from them since they're our current auditor on extending the contract for a period of time. And it could be three years. It doesn't have to be five, I guess. And then to find out what they would do to freshen up how they are approaching our account so that we don't end up in a too familiar state. And then yes, Charles, if we don't like-

Charles:

Would there be enough time after that step to, if we didn't care for the new numbers or advice to seek our piece from other companies?

Mario:

If you tell them that we need an answer sometime mid to late May and then spend till the middle of June to think about that, you still have time before you go out to quals in August or so. Right? July, August. That makes sense. Rochelle?

Rochelle:

Yeah, I mean I would expect they'd be pretty responsive to providing a proposal.

Charles:

I think I would lean towards that then.

Tim:

I agree.

Jay:

Yeah, I would go with that as well because I think most likely they're looking for more money and it's for the work that has to be done. So I think we should get a submission, as Mario said, first.

Charles:

Do we need a motion to that effect?

Tim:

Do you need a motion or a vote to that effect? Or you just wanted a sense of the room, Rochelle?

Rochelle:

Yes, I'll defer to Jennifer, but I don't think we need an actual motion. I can reach out based on the direction of the committee.

Jay:

Right.

Tim:

It's just guidance right now. Okay. Sounds good to me. So I think we've all lent our guidance tones. So I guess you got your walking notes. Okay. Thank you for that, Rochelle.

Tom:

Thank you.

Tim:

Okay, number seven is discussion regarding our future meeting logistics. I think everyone recognizes we've been doing a hybrid often for the, well, I knew it's certainly suited Charles and my situations, but I guess the question when we're talking about logistics is whether we continue hybrid or we want to get back to a full-time in-person meetings. And I'd welcome some conversation on this.

Charles:

I have no problem with either way. Maybe the first step is the hybrid. I mean at this point we were strictly remote or maybe the next step is hybrid in case some of us have scheduling issues with vacations or whatever through the summer. Is the only other... Everybody else's hybrid, right Mario?

Tim:

I think Land Use is in person, right?

Mario:

Land Use is in person.

Tim:

Strictly in person?

Rochelle:

Yes.

Tim:

Yes, that's what I thought I recalled. I think there is some flexibility with the hybrid, but I know I'm certainly just itching to take that drive to New Haven.

Tom:

Yes.

Tim:

So we can keep those food trucks working.

Charles:

I'm prepared either way at this point. I mean it's awful inconvenient for this one. But I understand you have the logic of it all too.

Tim:

Anyone else want to weigh in?

Tom:

I like it the way it is.

Mario:

Well, is that fully remote, Tom?

Tom:

Yes.

Mario:

Or the option?

Tom:

Yes. Well I mean you have the option to do it remotely. I mean I'm not averse once in a while, maybe driving into long wharf and doing it in person, but this achieves the goal of being present and to attend and it's certainly more convenient and you save on the wear and tear driving down and a reimbursement of for mileage, et cetera. So it works for me this way.

Tim:

It works for me as well. I mean, I would really love to see more of us getting down to the regular meetings, but that's probably when it matters more anyway. The full board.

Tom:

Yes. The full board.

Tim:

Right. Yeah, guess back-

Charles:

I mean, I'll go either way, but I think the RPB has got to evolve to full in person pretty soon where the committee work, I think, works remotely for most people.

Tim:

Yeah, because it's smaller groups.

Charles:

So again, I would go either way, but...

Tim:

Well I'd be happy, if we want to just continue the way we've been doing it this way. I think it's a convenience factor when you get right down to it. And Tom makes a very good point about the reimbursement and all that other stuff.

Tom:

Because of the hour, because it's at five o'clock, it makes it easier to attend at five.

Tim:

Yes, yes.

Jeff:

I'm not a member of the board, but I find it very helpful when I'm able to participate to be able to call in from wherever I am and not have to drive all the way down to New Haven from Hartford.

Vin:

Yes. I just had 4:30 traffic authority meeting in Orange and it would've been problematic to get here at five if I had to attend both.

Tim:

Right. Well I think that being said there's-

Charles:

...Remote then until there's a reason to change?

Tim:

Okay. I think that's reasonable because I think there's a consensus point of view on this for this committee and I know I feel we can certainly work pretty well together and have with this. There's been nothing short-changing of the work that we're able to do. Okay. So we're going to stay remote for the foreseeable future.

Jay:

Is this for the committee meetings?

Tim:

Yes. Finance. We're talking Finance Committee.

Jay:

At a full board meeting, that would be in-house at the main office?

Tim:

Well that's another vote. Yes. And that's hybrid right now.

Mario:

So Jay, you can attend in person or online for the full RPB.

Jay:

With the... Yes, that that's the headquarter meeting or-

Mario:

Monthly meeting, yes.

Jay:

Yes. Okay.

Charles:

Thanks Tim.

Tim:

Okay, that sounds good. Then I think we've got a consensus view there. Okay. Number eight is just serving all with a reminder that there is the budget to be discussed and it's coming up and it's upon us pretty quickly. The Finance Committee joint with Consumer Affairs is meeting Monday, April 17th at five o'clock. That is a hybrid meeting. Land Use has their regular meeting on Wednesday. And that's in person. And then nine is the committee member attendance at the Authority meetings. And I will be attending the April 27 meeting and Jay will be attending the May 25 meeting. So with that, we're up to new business. Does anyone have any new business they want to just throw upon us?

Jay:

Is it May 25, right?

Charles:

That's correct.

Tim:

Yes, that is. That's what we had. So there's no new business. I don't see anyone lining up for new business.

Tom:

I vote to adjourn.

Tim:

Thank you Tom. We have a motion to adjourn. All those in favor?

Committee:

Aye.

Tim:

Aye. Thank you all, good meeting.