REPRESENTATIVE POLICY BOARD

FINANCE COMMITTEE

JANUARY 8, 2024

MEETING TRANSCRIPTION

Vin:

So it's 5:00. So let's call the meeting to order, and we will start with a safety moment. Our January safety moment is frostbite prevention month. Just keep that in mind when you're going out in the cold, you don't want to get frostbite. So if you feel like you have it, take the necessary steps to protect yourself. All right, let's move on. Is there a motion to approve the minutes from the December 11th, 2023, meeting?

Jay:

I'll move the motion, Mr. Chairman.

Tim:

I'll second.

Vin:

We have a motion and a second. Is there any discussion? Hearing none. All those in favor?

Committee members:

Aye.

Vin:

Are there any opposed and any abstentions? All right, the ayes have it. Excellent. Thank you, gentlemen. All right, let's move on to the Lake Whitney update. So who do we have here for that presentation?

Larry Marcik:

My name is Larry Marcik. I'm an engineer for the Regional Water Authority. I've been here for over 20 years, and I'm the project manager on the Whitney Dam.

Vin:

Awesome. Well, thank you for joining us this evening, and the floor is yours.

Larry Marcik:

Okay, thank you. So again, the Lake Whitney Dam and Spillway is a project that's upcoming. We've been working on it for many years. Actually been working on it. I've been working on it for many years. In the picture that you can see here, you can see Lake Whitney. The dam is on the lower right, the Whitney water treatment plants on the left, lower left, and mostly this whole picture is Hamden, whereas New Haven just to the south of the picture here. If you want to...

So the RWA owns and maintains over 31 dams, which range from a height from 5 to 100 feet. 13 of the 31 dams are classified as high hazard. High-hazard dams is a definition given by the Connecticut DEP,

and what that means is if in fact the dam was to fail, it was a possibly loss of life or cause significant damage downstream.

This project is for the Whitney Dam. The dams that we have are constructed from 1860, which are earliest, to 1957, which is the [inaudible 00:03:48] dam. They were constructed from rock rubble, which is the Whitney Dam, concrete, and earth. Our oldest dam is Whitney Dam, again built in 1860.

So here's a little, how do you say, presentation I did back a year ago. It just kind of explains it. I know they call me the Brad Pitt of dams, but as you listen to this video, you can see I'm an engineer, and I'm not Brad Pitt. So take a look at this and see what you think.

Larry Marcik:

Hello, I'm Larry Marcik, Senior Engineer in the RWAs engineering department, and I manage the RWAs 31 dams. Most of the RWA dams create storage reservoirs. This water is stored and can be treated at our treatment plants and distributed to our customers on demand. Today, I'd like to brief you on an upcoming rehabilitation project at one of RWA's oldest dams, the Lake Whitney Dam in Hamden, so it can continue to meet the needs of future generations.

To give you an idea about how old this dam is, Abraham Lincoln became the United States' 16th President in 1861, the year the Lake Whitney Dam was completed. The Lake Whitney Dam is approximately 37 feet high and about 750 feet long.

It was constructed with stone rubble, mortar, concrete, and sand. This iconic dam was built under an agreement between our founder, Eli Whitney II, WC McClellan and son, the dam contractor, and the New Haven Water Company. Our predecessor, UC Eli Whitney II, needed stored water for hydropower to run his manufacturing factory. And a New Haven water company needed potable water for the citizens of New Haven as well as for fire protection. While regular maintenance has been performed, the dam structural aspects remain largely unchanged since its completion in 1861. However, over the decades, the dam has undergone major changes.

In 1866 to 1867, both Eli Whitney II and the New Haven Water Company needed more water to make life better for people in greater New Haven, so the dam was raised about 4 feet. In 1917, the spillway where the water flows over the dam was made longer, from 100 feet to 250 feet. And the dam and spillway were raised again. In 1962, three intake towers concrete buildings were built below the dam to control the water through a network of underground pipes. In 1992, a pressure relief drain was installed to help the dam stability and large storm events. Speaking of storms, the largest rainfall event ever recorded in the town of Hamden that occurred in June of 1982, when nearly 12 inches of rain fell over a three-day period. With the exception of some moderate erosion at the Spillways Foundation, the dam withheld very well. And in 2003, new screens were erected to help filter the lake water before it goes to the Lake Whitney Water Treatment Plan.

Today, it's time for the Lake Whitney Dam to be upgraded to evolving safety standard and to meet the needs of the next 160 years. Therefore, we are planning three major upgrades to the dam. First, enhancing the stability of the dam. Second, increase the spillway capacity. Third, to control water seepage, which is common with all dams as the stored water seeps path of least resistance, sew its foundation.

Additionally, giving climate change and more intense storms, the rainfall capacity of the dam needs to be upgraded to safely handle 34 inches of rain over a three-day period. This is more than double the rainfall amount we saw in the 82 storm. To date, we have performed many engineering studies on the

Lake Whitney Dam and have examined over 30 rehabilitation approaches. We are still working on the optimum approach that considers the community at large, the environment, water treatment and water quality, historic preservation, and, of course, project safety and finances.

Stay tuned as this important RWA project progresses. Thanks for watching.

So as you can see, I'm not an actor, but...

Jay:

Very good. [inaudible 00:08:18] there.

Jeff:

Good job.

Larry Marcik:

Thank you. Hold on. So the bad thing that happened in 1860 as back then, contractors built dams. They had a contract between New Haven Water Company and Eli Whitney II in the contractor, but there was no blueprints. So there was no blueprints, so we have no record of how it was built. And also, there was no engineer record.

Back when in the 1860s, engineers weren't involved in dam construction. There was a major dam failure in California, and that led to engineers being required to be involved in the design and actually monitor the construction and signing off after that. So at this point, we have no construction drawings, but we did find in the records, which was very interesting, is that there was a report in 1872 that gave us approximate dimensions of the dam and how it was built without actually draining the lake and verifying the dimensions. That's the closest information that we have on the size of the dam.

The other important thing that we found in the records is back in 1878, the engineer for the water company asked the contractor at that time, "How did you build the dam?" And there's a one-paragraph letter handwritten on how we built it. So that's the best information available that we have on there.

So back in 2004, I just started with the RWA within a year, and I was working at the treatment plan across the street. There was another engineer that worked for us, Bill Andres, and they're working on a building right below the dam for so-called fake waterfall that we have on our dam. So I went over to the dam, and I pulled out a piece of what you call mortar or cement, and the water started coming out. And I didn't sleep all night that night because I was worried that that dam was going to go ahead. So if you see that, that's a picture of the water after I picked out a little piece of mortar out of the dam. So at that point, I was invested in a dam, and I was going to stay until we rebuilt it. So that's just a little side story back with... I was very nervous at that time.

Jay:

That's a big leak.

Larry Marcik:

I know.

Jay:

When you think of what's behind it.

Larry Marcik:

So anyway, as part of the video, our project goals is to increase the stability of the dam. So a dam is actually a structure which holds back the course of the water behind it. And our goal is to increase that because what was happening you is when the dam was built, if you look the video, it kept getting raised, and the top was getting higher but the base wasn't getting wider. So we have to make the base wider in order to make it more stable. Just like most of you knows, something with a wide footprint is more stable than something with a narrow footprint.

We also got to control seepage. All dams leak. It's just a matter of controlling the leak and minimizing the leak. So our goal here is to reduce the seepage. Right now, what you see going through there is the leakage of the dam. It's about 150 gallons a minute, and we want to reduce that down to something like 50 or less.

And then also the hydraulic capacity of the spillway. So people hear this term 100 years storms. I don't know if any of you heard that 50-year storms. So right now, the spillway that's exists out there is sized for 150-year storm. But giving climate change and stuff, I mean, we've been doing dam inspections almost every week because we're going to get another three inches of rain tomorrow. So we have to increase the spillway size for 1000-year storm. And then the dam has to be able to withstand what you call a PMF, which is called a probable maximum flood, which is 34 inches over 72 hours. So that's our project goal. Very important that we have to meet these three items. I mean, even though there's three, it's a big project to do those three items. We can switch.

Jay:

With the leakage, do you have any way to catch it because of the volume of what's being?

Larry Marcik:

Well, see. We're catching the leakage now, and it runs through a weir. But what we do is we go in there, and we put cement in the rock and stuff to slow down the leakage. That's what they call grouting. It's called grouting. To reduce the amount of leakage that goes through the dam.

So we had a lot of construction challenges for this. So we have to manage the water during construction. So even though we're rebuilding the dam, it still rains like it's going to rain tomorrow. We have to manage that water during the construction part of it, and that's a big task to do. One of the requirements is also to keep our treatment plant ongoing during this whole process. So whatever option we select, we have to make sure that the treatment plan is still in operation.

Utilities. So the Greater New Haven WPCA has sewer mains on both sides of Lake Whitney. And we have to maintain them, so we don't want to damage them at all.

We have underground. We have overhead electric. We have underground communication cables and stuff, gas mains, those are all the utilities that we have to protect. In order to get this job, we have to go through permitting agencies, and one is, I'm sure everybody heard of, "Can I get DEEP?" I believe there's eight permits that we need to get from DEEP. And then also, one of the biggest ones we have to get is through Army Corps of Engineers, and they're always the ones that take a long time to get. So those are one of the many challenges that we have to do to get our permits.

And then finally, the state historic preservation. So Lake Whitney, the dam, and the site below the dam was Eli Whitney's gun factory, and he made guns for the Civil War. And he was the one who invented the interchangeable parts for his guns for the Civil War. So before, they used to have to rebuild the gun, now we could take pieces out and put pieces in. And he needed the water in order for him to run his factory down there. So the site is historic site, and the dam is historic structure, and they're very concerned about preserving that.

Next one.

So we went ahead... It took over a year, we went through 20 different rehab alternates. We wanted to make sure that, because this is such a big project, that we are picking the right alternative. We knew that there was a high construction risk because we're right in the middle. If this was out in the middle of the woods, we're going around a lot less risk. But we got kids right downstream, we got schools, we got people, very high risk for construction contractors, and then also the long schedule is to do the job. Right now, it looks like a couple years, maybe two or three years, to do such a big project like this.

So what we did is... The one of the first things out of those 20 alternates that we figured not to look downstream because of the historic preservation, but we decided because of the cost to look at that. So we went ahead, and we did an alternate for just downstream alone and an alternate for upstream. So we have two sets of drawings that are for 45% complete, downstream and upstream alternates. And those are the two that we kind of focused on during our evaluation.

Again, SHPO was very concerned with doing anything downstream because they didn't want to see anything covered, the Eli Whitney damn face that looks downstream. So one of the other important things that we did on this project is usually we get into this thing called design bid bill, and that's what RWA has done for most of its history.

Something new that's recently... It's called early contractor involvement. And that's been being used a lot more common on big projects. And also, it's similar takeoff to some of the school projects that are out there today. So we entertain this early contractor involvement. Should I go to the next slide?

So we hired Mark Alpert, who is Integrated Delivery Solutions. He's a one-person show that is an expert in the field. So he put together an RFQ for us to go out and look for contractors that we can get their expertise on doing this project. So he put together a two-phase approach. The first phase was professional service phase, which these contractors would use their professional service to help us go from the 45% design up to the 100% design. Once we get a full design drawings, then we go into phase two, where the contractors will have a choice.

All the contractors that we selected as part of phase one will have the choice to bid on the project and the phase two, and then the RWA would select, out of the contractors, what's the best one we want to take. In doing this, we had to make sure that it was okay with WIFIA and SRF, who is our funding source for the project. So we were in the process going with them, showing us what we're doing, being involved in some of the meetings. So they are on board. And then also, the RFQ had to meet RWA standards, state and federal contract requirements that we have here in the state.

So what's next? We did phase one, and we're coming down to the conclusion of phase one. We're not there yet, but pretty close. We did a lot of work in the design phase, and we picked up a lot of great ideas in the early contractor involvement, whereas each contractor we work separately with in order to get their ideas, but we couldn't share one contractor's ideas with the others. So we had three contractors, where we worked separately with the three different contractors getting their ideas. And

now, we contracted with our design team to go ahead from the 45% to the 100% the designs. And that's where we stand as we are today. We're working to get 100% design.

So we are working also with the contractors to go further from the 45 to the 100, their ideas on what's the best way to go with our design with this early contractor involvement. Once we're there, we will solicit bids from the... We have three contractors. From the three contractors... And then we're going to select one of the contractors to do the work with. So that's where we stand today. Anybody have any questions?

Tim:

Yes. I have a question. This is Tim Slocum. My question would be, in all of this phasing, what actually is a phase expectation of completion of design and execution of the work? I mean, just in a linear sense, time-wise, do you have a rough time capsule?

Larry Marcik:

One of the long lead time items here is getting the permits from DEP and the Army Corps. So I think within the next year, we will have a 100%, and phase one of the ECI phase will be complete because the contractors will be helping us get the final designs, in which we could submit to the Army Corps and the DEP. And the timeline for the DEP Army Corps is at least a year. Okay. We're hoping it's a year. We currently have a set of drawings up there for the prospect dam, and it's been a year they had it. So it's really tough. They're short-staffed, don't have the expertise up there as they did because they could be retiring, and it's tough to get decisions out of them. And then the project itself is probably a two-and-a-half-year project. So we are looking at maybe a year to get to where we can get our plans to the state, and maybe another year there, and then two and a half years after that. So we got a long road to go.

Tim:

So even in developing pricing along the way, you obviously have to develop in change orders, the costs going up, I mean, inflation and all that stuff, no matter whether it lowers or not, that's got to be an impact obviously. So that's important for our forecasting costs, right?

Larry Marcik:

Yes. So the benefit of ECI is to minimize change orders because the contractors are working with us, working with the information we have, and once they know everything that we have, there's less of a chance of significant change orders. And that's one of the pros of doing the ECI-type delivery system that we have here today that we are doing.

Tim:

And then my final question is this, the impact on all of this effort and construction and all the activity in and around what's supposed to be a pretty pristine product, water-wise coming in and coming out, that's got to be a really tough job, I would imagine, which adds to the time and everything else, right? And that seems like such a constrained space. I mean, I just see a lot of challenges, obviously.

Larry Marcik:

Absolutely. It's because it's where the location is. A dam like this was redone a few years ago, but it was in farmland off of 395 and very easy to deal with, okay? Because the cheapest way here is to drain the whole lake, but you can't do that because of the environmental impacts. But they drained a whole lake because there wasn't any environmental impact. There was no really a lot of surrounding houses and country land-type of stuff because of where the location is here. That's why we have a lot of things to deal with ,between environment, between people, and that kind of stuff.

So you'll be hearing a lot of us once we start getting things getting close to final. We're going to be doing a lot of public outreach, and we have started already. We did some already, but now we're going to... Once we know exactly the direction we're going, we'll be getting more input from the public on this.

Jay:

From the financing, you're dealing with three contractors now, you said?

Larry Marcik:

Yes. So part of the ECI was selected three contractors that are working with.

Jay:

But you have them bidding on it?

Larry Marcik:

Yes. All three contractors will have the opportunity to bid on it but we will only be selecting one out of the three.

Jay:

Yes, I understand that.

Larry Marcik:

Right.

Jay:

But you're making it competitive too?

Larry Marcik:

Yes, yes. We're making it competitive. So the selection of the three contractors were based on quality. Just like engineers are selected, they're based on experience that we had a review had they built dams, how big of a dams, how long they've been in business, that kind of stuff. And that's how they were selected. And the final decision to pick which one is going to be based on what's the best interest for the RWA. It is not always on dollars, it's the approach, the risk, that kind of stuff.

Jay:

Yes. I understand that, yeah. Thank you.

Vin:

Excellent. Any other questions? Hearing none. Thank you very much for that presentation. It was very informative.

Larry Marcik:

I'm sure I'll be back here when we get some more information available.

Vin:

Excellent.

Larry Marcik:

Thank you.

Vin:

Thank You. All right, let's move on to the quarterly financial report. Is Rochelle on the call or in the room?

Rochelle:

I'm here.

Vin:

Excellent. The floor is yours.

Rochelle:

Okay, thank you. I'm just going to cover the highlights. So first, starting with the utility plant and capital section on the balance sheet. As you probably expect, year-over-year total net utility plan is up by about 18.3 million. So what we're doing here just to level set is we're comparing November of fiscal '23 to November of fiscal '24.

The utility plant and service is also up pretty significantly at 42.3 million. And this does reflect, and this is good news that West River did go into service, the West River improvement project, as well as the derby tank, actually went into service towards the end of November. So that is reflected in utility plant and service. You can see that accumulated depreciation is also up by about 22.3 million. So overall, 18.3 million increase in net utility plant.

From a current asset perspective, current assets are down by about just under a million. And you can see, though, that cash and cash equivalence is actually up by just about 900,000. That is primarily due to the increases in the growth fund given after the transfer to wealth services for the acquisition as well as the increase that we had as part of the year-end disposition in the general fund. That is offset, though, by actually a year-over-year decrease in the revenue bonds.

AR, this is also good news. AR is actually down year-over-year by about 1.4 million. Going on. Just going now to the bottom part, still at the left-hand side, we do have prepaids and other assets. They're actually down by about 900,000. That's primarily due to deferred jobbing and also a reduction deferred land expenses, as well as some changes due to the timing of pilot payments for...

Also, the lease receivable. I just want to mention this. You might remember this from when the auditors did their update. So we did follow with the end of fiscal '23 new lease accounting guidelines. So this is now part of our balance sheet. This will be updated once a year. So this is where we'll reflect any changes in our lease receivables, any changes in, let's say, a new lease or the end of a lease, or changes in the leases. So I just want to mention that.

Restricted assets is actually up by 3.5 million. This is primarily due to the year-end disposition that was done, so this is year-end fiscal '23, which happened after November of fiscal 2023. We had an increase in our operating reserve as required under our general bond resolution. We also had an increase in our debt reserve for the 37 series, and a small increase also associated with our most recent DWSRF financing. Also, miscellaneous AR, which is where our DOT receivables are, also went up by about 800,000. Good news is the construction fund. I think this is good news. It's actually only down by a little under 700,000, and that's because the capital expenditures that we had so far this fiscal year were largely offset by the year-end disposition that we did at the end of fiscal '23.

The deferred charges, and pension plan, and OPEB, this is just the amortizations, and fiscal '24 reflects the actuarial reports as of the end of fiscal '23. So throughout the fiscal years, we're just amortizing the balances. And then, in May of each fiscal year, we update for the actuarial reports.

You go to now the right-hand side. So overall, total liabilities is actually down by 6.9 million. Some of the key things to note is total non-current liabilities is actually down by 9.2 million. That's primarily to the revenue bonds payable being down by 6.1 million. So here, we had our August principal payment that reduced the outstanding par value, and that was actually larger than the 37th series par value. I do want to note that we are planning on doing two DWSRF financings later this fiscal year, including for the West River Improvement Project. So it won't be in the revenues bond payable, but we are still planning on moving forward with those financings. There'll be a grant with each one, and there'll be financing that was part of our rate application as well as part of our budget.

The net pension liability and the net OPEB liability. This will get updated at the end of fiscal '24. So this reflects where we were based on the actuarial reports that we received at the end of fiscal '23.

For total current liabilities, you can see they're up by about 1.4 million, and that's primarily due to the change in the current portion of our revenue bonds. You can see that's up by about 1.3 million. And the current portion of drinking water state revolving fund is also up just slightly. I will mention that we now have 13 low-cost DWSRF loans, and each one of those came with a grant we closed on the 13th at the end of November.

This moving also sort of down the right side. Total liabilities payable from restricted assets was about 900,000. That's primarily due to the accounts payable for construction, and that does include a retainage. So given some of our larger projects where we're holding retainage, that is a key driver of that increase.

For deferred inflows of resources related to pension and OPEB, again, throughout the year, this is just our monthly amortizations that we do. These will also be updated at the end of the fiscal year based on actuarial reports. And then, we also see one of the new lines deferred inflows related to leases, and that's based on the new accounting guidelines that we have to follow for lease accounting. And you can see overall the change in the net position was 28.6 million. Have any other questions on the balance sheet?

Okay. Roofing on to... I would go, Jennifer, probably to the next page.

So here, at the top of the page, you can see that operating revenues are under by about 2.2 million. That's about 3% total quarter revenues, which would be metered wholesale on fires under by about 2.7 million. That's about 4%. And other revenues are actually over, and that's primarily due to the backflow device testing, jabbing, and some of our miscellaneous charges. But definitely, the reduction in water revenues is impacting both our operating revenues, and I'll be talking about it in a minute. It's also impacting our maintenance test for our regulatory reporting.

Operating expenses is under through November by about 2.7 million. That's approximately 8%. I'm going to get into that in a little bit more detail later in the presentation.

Another key thing that I want to point out here, you can see interest income is over by about 1.6 million, and that's actually due to the higher interest rate environment versus the budget, so that's actually good news there.

Also want to just point out that in intergovernmental revenue, the 441,000 is actually the... We got a relatively large grant on our RTU project, so on our 13th DWSRF financing, the loan amount was about 1.2 million, but we got over $400,000 in a grant. So there's no questions in the upper part of the page. I'm going to talk a little bit about the bottom part of the page.

So here, good news also is that we were able to improve our outlook from our first quarter. So we are currently projecting coverage of 116%. We are still projecting a reduction versus budget and water revenues, and that's as you heard about because of the cool summer. It does have an impact. Good news is interest income. As of the end of November, we're projecting to be over by 1.5 million. We're definitely looking at what's happening with the interest rates, and we'll be throughout the rest of the year making updates based on what we're seeing and what our expectation is on the interest rates.

We're also currently projecting... Even though it's early in the fiscal year, we are projecting that we're going to underride on O&M. We're also having a favorable impact on debt service due to the timing of our DWSRF loans. By this time, from a budget perspective, we thought we would've closed all three loans that we had planned for fiscal '24, and we've only closed one right now. And Pilot is also running a little bit under. So again, from a good news perspective, we were able to improve our outlook. We're also able to withstand that quo with summer without having to draw from the Rate Stabilization Fund.

That's the news. So if there's no questions, we'll go to the next page. So the left side of this page is our O&M expenses at a little lower level of detail and what we're projecting for the year.

So first, I'm just going to mention some of the larger variances. So payroll is actually under. That's primarily due to headcount underruns. It's under by a little less than 300,000. Underruns that we're having in headcounts partially offset by O&M, non O&M, mix, so it's a little higher on the OM side.

Some of the other larger variances is pump power is actually lower by also just under 300,000. That's primarily due to the weather-related lower production. Postage is running under. That's primarily timing at this point. Collection expense is also running lower. That's primarily due to we are still seeing lower than expected bank fees and a higher amount of rebilling. So there's certain collection-related expenses that we do rebuild to the customers, and that's running higher than budget. Outside services is lower by almost 600,000, and that's across multiple areas.

Information technologies and maintenance fees. It's under by little more than 200. That's primarily due to timing at this point as well as maintenance and repair. From a projection perspective, like I mentioned, we are already projecting to come in under our O&M. We're watching O&M carefully because we do need to monitor that and execute against our operational efficiencies so we can meet

the coverage requirement. What you see over on the left-hand side is a best estimate of where we think the changes are going to be by line item.

Rochelle:

This is the page that I'm talking about, and this is the left part of the page is where we are showing our projections by line item. I do expect that there will be further variations versus budget as we go through the fiscal year, as far as it the individual [inaudible 00:41:15] on level. Go back to the next page. Sorry about that. The one before or after. The one that you were previously... Okay.

This is really the left part of this page is what I had talked about just a little bit ago. So this is the gap-based or financial reporting basis. And in that, back to the left, and then what this is actually showing and why we do this. The left side and the bottom part of the page is actually to show what if there was a change in consumption and what that would mean. So given how far off we were earlier in the fiscal year, assumption two assumes that for the rest of the year, there is a 5% reduction, and for assumption three, it's a 10%. And I think the point here both at the top as well as... Jennifer, you can scroll up.

For the bottom part is to actually show still pretty small, relatively small changes in our water revenues can definitely have an impact on our coverage. So you can see that instead of in the first instance, which is our outlook at 116, we would be over our minimum requirement by a little over 900,000. But even just for the rest of the year, our consumption is 5% off versus our projections, we'd actually have a draw, and if it's 10%, we'd have a draw of about 1.6 million. And this is why we watch all this pretty carefully to make sure that we can take steps if we're seeing, let's say, a cool, wet summer, trying to mitigate the impacts.

If there's no questions, you can go to the capital page.

So first, overall, here, we are currently projecting to meet our target of 96% at this point without moving monies into the project reserves or into the contingencies. And also not adjusting for underruns due to capital efficiencies, which we can actually adjust for. The projection does include certain amendments, both at the time pending amendments as well as anticipated amendments that we've incorporated here into the outlook. As I mentioned, as part of our tenure model, we do need to continue to monitor the plan, and make adjustments, and to set expectations. I do expect that at the project level, there will be further changes. We are still seeing supply chain and other external factors impacting our capital plan. And so, here, I'm just going to talk about some of the larger variances. So the first one towards the top is the Whitney Dam.

So year to date through the first half of the year, that was under by a little over 300,000, and that is primarily due to what Larry was talking about, the evaluation that's happening as far as upstream downstream, making sure that we're selecting the appropriate option is taking longer than was originally thought, and that's why you're seeing both the underrun and year-to-date, as well as an underrun, not for the overall project but for fiscal '24.

For the clarifier project, that where we are under year-to-date by a little over half a million, that's primarily due to a material substitution due to supply chain challenges. But there was also an additional approval process that we had to go through relative to that substitution, as well as VFD-related supply chain delays. We are currently forecasting that that project is going to end the year on budget for fiscal '24.

For the chemical treatment system improvements, that's currently under budget by about almost 300,000. That's primarily due to the need to do a bulk storage tank replacement, originally wasn't part of the plan, that's impacting the overall project. So that's the main reason for that underrun.

If you go to... I think the other one I want to mention here is actually the Seymour Wellfield. So this is one of our congressional directed spending project. So we finally got our BABA waiver. So that project can now be bid definitely because this is... The construction is totally a grant that we're getting through that process. We definitely did not want to proceed without getting that waiver, which finally came through, and we're projecting that project will end on budget.

The HVAC upgrade here, although it's under year-to-date by about 200,000... I'm sorry, by about 73,000, we are projecting this is also a congressional directed spending project. The waiver, I believe, did come through. I need to confirm that, but the timing has going through that process is definitely impacting the timing of this project. So we are now projecting, again, not an overall project underrun, but from a timing perspective, it is going to underrun in fiscal '24. We're-

Sunny Lakshminarayanan:

We did get it. Rochelle, we did get the grant in the last month or so. So we are good.

Rochelle:

We did get, okay. That's the other one.

Sunny Lakshminarayanan:

Okay. But it took us some time, almost 12 months, to get the grant waiver, so for the BABA waiver.

Rochelle:

So for pipe, we are anticipating that we'll be able to do more and accelerate some projects into fiscal '24. Another key thing is actually on lead service line replacement. This might be a little aggressive. But in this projection, we are assuming that we're going to do more than what was originally budgeted. There is after going on to try to get this accomplished with permitting and getting pot polling going within our service territory, so I'd say more to come on that.

Another projection change is relative to the derby tank. We are under budget year-to-date. That is partially due to the timing and some of the supply chain challenges that we had with that. But also, we are projecting due to efficiencies as well as other rock not being identified, and we didn't need to expend that money. We are currently projecting that there will be a overall underrun for the project, and this going through.

Spring Street is another one. This is a significant project. We are projecting that we are going to underrun for the year because we need to find an appropriate location and such for that project. So that is impacting the timing. But overall, working with Sunny and all the project managers, all those might be a little bit aggressive, and I do think it's going to change. We are still forecasting to meet the 96% without even moving monies into the project reserves or the contingencies. Any questions on this? Okay. Go to the next page. Back to the next schedule, Jen, next [inaudible 00:50:12].

So this is where we show our investment earnings. And you can see at the time that we did the budget, we were projecting that the Connecticut stiff would be about 3.5%, and you can see as of November 30th, it was over 5%. I believe it's currently over 5%. So this is definitely having a favorable impact. It's

good news because it is helping us offset the reduction that we're seeing in what our revenues. And so far, the rates have remained higher than what we expected. So this is definitely helping. And if you just go to the final page, this is where you see, on a cash basis, what we've actually gotten year to date. So for all the funds that count within our maintenance tests, we're already over by the $935,000 in change.

And also, although it doesn't count towards the maintenance test, our growth fund monies, our earning interest, and our construction fund is also earning interest. And interest within the construction fund stays within the fund that we've only been withdrawing the money from the construction fund as needed to meet our AP and invoice requirements. So the interest that we earn will be used to fund capital projects. That's good.

Jay:

5% would be good.

Vin:

Are there any questions? Hearing none. Thank you for that presentation. Now, we move on to the dashboard.

Rochelle:

Yes.

Vin:

Thank you.

Rochelle:

So in some of this, we talked about... So coverage, we are protecting 116, that is off as I mentioned. From last quarter, we're projecting 114, and we are projecting no draw. On the capital expenditures, this is, I think, also good news, even though we are under our capital expenditures year-to-date. As a percent of the total fiscal budget, we're actually higher than we were last year. So through November, we've spent about a little over 32%. Last year at this time, although the budget was lower, we spent only 26%. I mentioned accounts receivable, and this is definitely something that we're looking at. What we're comparing here is our accounts receivable as of the end of November to the pre-pandemic levels, and we have, say, a stretched target to get below pre-pandemic levels, which will help with our coverage and our cash given the cool, wet summer.

But you can see that although we are still elevated, residential is still about 9% higher than pre-pandemic, and overall, water is a little over 1%. This is a significant improvement since even a quarter about, so that's good news.

The other thing that we watch, which is why it's in the dashboard, you can see the market values of the pension, and this still... It is a challenge in that the returns are still less than... As of the end of November, they are still less than the actuarial return. So that is putting a strain on our pension plans. We'll be getting another update for the quarter ending in December.

For average daily production, I think this is another interesting thing. We're comparing here year over year. And you can see what the impact is. So last year was a hot dry summer, and this year has been a

cold wet summer. So you can see, prior year, our millions of gallons per day average was like 48.3, and this year it's 45.7. So I think that's an interesting statistic.

We are meeting our disinfection byproducts metric. We are a little improved from last quarter on our net unaccounted for water. And then you can also see the results of the operational metrics that we included in our updated dashboard for service disruptions as well as water quality complaints.

Any questions on this?

Vin:

Anyone? If not, thank you. Thank you for that presentation. As always, thank you for your efforts to keep us informed as well, Rochelle.

Rochelle:

Thank you.

Vin:

All right, let's move on. We need volunteers from the Finance Committee to attend the RWA meetings.

Tim:

I can do February 22nd. This is Tim.

Vin:

All right, first come, first served. Anyone else? I'll take what's remaining, so I'll go last.

Jennifer:

I don't think Tom Clifford is on.

Vin:

All right, so is he no longer on with us? Jay, would you like next choice?

Jay:

I'm sorry [inaudible 00:56:28].

Jennifer:

Do you want to volunteer to attend the Authority meeting on March 28th?

Jay:

Yes.

Vin:

Excellent. And who else is in? I'm trying to look at the call and the room. Who else do we have? Otherwise, we have two more dates.

Vin:

I mean, April 25 and May...

Jennifer:

I think you are the only one left.

Vin:

All right, then. Okay. And then, it's me and Tom?

Jennifer:

Yes.

Vin:

I will reach out to Tom, give him the choice of those two, and then I'll take the final. Okay? So I'll report back on that one, Jennifer. Thank you. All right, is there any new business? Hearing none. I want to remind everyone the next meeting of the Finance Committee will be held on Monday, February 12th. And I will be in attendance on that one. And our budget meeting is scheduled. Did we schedule that for April 8th? Is my memory serving me on that one?

Jennifer:

Yes.

Vin:

Yes. So mark your calendars for that as well. And is there a motion to adjourn?

Tim:

So moved.

Vin:

Is there a second?

Jay:

Second.

Vin:

All right. We will stand adjourned at 5:57. Thank you all for attending.