

RI Water Resources Board Corporate

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MINUTES OF BOARD CORPORATE MEETING #270

December 14, 2004

(Meetings of the Board Corporate convene immediately after the Board meetings.)

Members Present: Members Absent:

Daniel W. Varin, Chairman Rep. William Murphy

William Penn, V. Chairman Timothy Brown

John Milano Robert Griffith*

William Parsons Sen. Leonidas Raptakis

Frank Perry*

Jon Schock

William Stamp, III

June Swallow*

Alicia Good* *Member designee

Staff Present: Guests:

Kathleen Crawley James Campbell, USGS

Elaine Maguire Emily Wild, USGS

Connie McGreavy Janice Lavoie, Mapleroot Corp.

Brian Riggs David Lippitt, Mapleroot Corp.

Tracy Shields Pasquale DeLise, BCWA

Thomas Walker

William Riverso

1. CALL TO ORDER

With a quorum present, Chairman Varin called the meeting to order at 1:16PM.

2. APPROVAL OF MINUTES:

On a motion by Mr. Schock, second by Mr. Milano, the Board unanimously approved the minutes of the November meeting.

3. CHIEF FINANCIAL OFFICER'S REPORT

Mr. Penn moved acceptance of the report. Mr. Milano seconded the motion, which was approved unanimously.

4. COMMITTEE REPORTS AND ACTION ITEMS RESULTING

A. Finance Committee—Chair William J. Penn

(1) Payment Requests:

(a) Konica Office Products for copier service agreement rendered through November 30, 2004. Requested payment: \$261.84; Recommended payment: \$261.84. Request for approval.

Mr. Penn explained the request. It is a monthly allocation of the copier rental to the Board Corporate. Mr. Penn moved approval, with Mr. Milano seconding. The motion was unanimously approved. Chairman Varin asked whether the Board would give authority to the Finance Committee to approve the cost allocation on a monthly basis, instead of the Board. Mr. Penn moved the question seconded by Mr. Milano. The motion carried unanimously.

(b) JP Morgan for trustee services rendered from 11/01/04 through 4/30/05. Requested payment: \$1,250.00; Recommended payment: \$1,250.00. Request for approval

Mr. Penn stated that this item was a semi-annual payment for trustee services. Mr. Penn made a motion to approve the payment, seconded by Mr. Parsons. The motion carried unanimously.

B. Public Drinking Water Protection Committee—Chair Robert Griffith

(1) RI Public Drinking Water Protection Program—Phase III:

(a) Pawtucket Water Supply Board—Requisition #3 for Watershed Protection Land Acquisition Costs. Payment Requested: \$7,533.00;

Recommended Payment: \$7,533.00. Request for Approval

Mr. Perry stated that this project had been previously approved, and that the request is for legal fees associated with the project. Mr. Perry moved approval of the request with Mr. Stamp seconding the motion. Mr. Penn reported that the Finance Committee recommended approval. The motion carried unanimously.

(b) Pawtucket Water Supply Board—Requisition #4 for Raw Water Quality Improvement Protection, Signage. Payment Requested: \$983.50; Recommended Payment: \$983.50. Request for Approval

Mr. Perry stated that this request was for security related signage and that a copy of the sign was included in the package. Mr. Perry added that the signs were part of a previously approved project for security enhancements. The PDWP Committee recommended approval. Mr. Perry proceeded to move the question with Mr. Stamp seconding. Mr. Penn reported that the Finance Committee recommended approval. The motion carried unanimously.

(c) Pawtucket Water Supply Board—Requisition #5 for Raw Water Quality Improvement Protection, Brush Clearance. Payment Requested: \$53,360.00; Recommended Payment: \$53,360.00. Request for Approval

Mr. Perry stated that this request was also part of a previously approved project for security enhancements and that the item was eligible. The PDWP Committee recommended approval. Mr. Perry proceeded to move the question with Mr. Parsons seconding. Mr. Penn reported that the Finance Committee questioned whether this was a one-time expense or a replacement of funds that normally might have been part of the district's annual budget of \$50,000. Mr. Penn reported that the Committee voted to table the request until the next meeting. Chairman Varin asked Mr. Perry whether he wished to withdraw the motion. Mr. Penn then moved to table the motion until more information is received with Mr. Parsons seconding. The vote was unanimous.

**(d) Town of Westerly Water Department—Requisition #1 for Water Quality Improvement Project—Request for Reimbursement for the In-Kind Replacement of Tuberculated Water Mains. Payment Requested: \$226,087.32; Recommended Payment: \$226,087.32.
Request for Approval**

Mr. Perry stated that the PDWP Committee engaged in significant discussion in terms of the request, noting that it was an item that had been approved in the past, most recently for the Newport Water Dept. a few months ago. Reluctantly, the Committee approved the project yet recommended that the Board review the regulations to determine the line between what projects were considered maintenance versus water quality improvement projects. Mr. Perry moved to approve with

Ms. Swallow seconding. Mr. Stamp stated that it is hard to determine the cutoff and that the definition of normal maintenance is a gray area. Mr. Varin said it was likely that the water mains are decades old.

Mr. Schock reported that the Finance Committee also discussed this item at length. Tuberculated mains are not lined, but rather, they are cast iron; pipes lend themselves to tuberculation. Water cannot travel quickly through pipes with older technology; as it can through newer PVC, cement lined, or ductile iron pipes. Mr. Schock emphasized that Westerly did the work in-house resulting in a project cost that was probably 1/3 the cost of what it would be had it been contracted out. Mr. Penn agreed the question was whether the project was maintenance versus a capital investment, but thought the cost was reasonable. The Finance Committee approved the request. Mr. Milano commented that the cost per square foot was very low, and that it might be prudent to look at a percentage replacement of tuberculated lines rather than a wholesale replacement when modifying the regulations. Mr. Varin reported that the Westerly Water Dept. has made few capital investments in the past, and this project would improve the system. Mr. Milano cautioned that the cost of replacement should not appear in the rates. Mr. Perry added that this is an ongoing problem that occurs with unregulated utilities that have to go before town councils to approve operating budgets; the first items cut are capital projects. Without an enterprise fund, water departments don't get a chance to do capital improvements. Town

councils need other sources of funds. Additionally, water departments can't always find land to acquire—either it is too expensive or availability is limited. Mr. Penn said there is little flexibility because conditions are determined by the legislation and bond requirements; the Board cannot overly interpret which projects qualify.

Mr. Stamp was concerned that the action would not provide incentives to invest in capital improvements; he would rather encourage better management of the water departments. Mr. Varin suggested that this is difficult to do at the municipal level. He shared a story where the Providence Water Supply Board had to borrow \$12 million dollars to correct a pressure problem in North Providence because the city [Providence] refused to finance it. The RI Public Utilities Commission ordered the problem corrected. Mr. Stamp indicated that he liked Mr. Milano's suggestion to wean water suppliers off the watershed protection fund. Mr. Milano stated that towns put controls on projects and, often, there is no money put aside for problems. Mr. Perry concurred that there are conflicting interests between water departments and town governments. Mr. Stamp asked, why not privatize? Mr. Perry replied that it is better to manage with an enterprise fund; the Johnston Water Dept. did this and now, financial systems are under control. Mr. Stamp felt that this was not solving the underlying problems, but, instead, contributing to it. Mr. Schock stated that most municipal districts are working with enterprise funds but still have the problem of going to the town to set

rates. Additionally, ratepayers don't want increases. It is possible to build costs into the rate base, but if rater payers aren't willing to pay, it can't be done. Mr. Perry stated that the Kent County Water Authority is regulated and the PUC requires that a business case be made for any rate increase, which is a good process. Mr. Milano added that only seven of thirty water suppliers are regulated by the PUC. Mr. Penn felt the surcharge was a conduit to create capital investment. Mr. Stamp stated that in going forward, things will be more complicated and the Board needs to look at this in terms of how to individually manage businesses. He suggested that a better use of the money might be to buy water systems because improvements are costly. Mr. Varin answered that Westerly's surcharge on water sales is the best way to fund improvements at this time. The motion made earlier by Mr. Perry to approve the request was voted on with all in favor excepting Mr. Stamp who opposed.

(e) Town of Westerly Water Department—Requisition #2 for Water Quality Improvement Project—Request for Reimbursement for Elimination of “Dead End” Water Mains. Payment Requested: \$10,564.72; Recommended Payment: \$10,564.72. Request for Approval

Mr. Perry stated that the project meets the standards of the Water Quality Improvement Program. Mr. Perry moved approval of the request with Mr. Schock seconding the motion. Mr. Penn reported that the Finance Committee recommended approval. The motion

carried with Mr. Stamp opposing.

(f) Town Of Westerly Water Department—Requisition #3 For Water Quality Improvement Project—Request For Reimbursement For Elimination Of “Dead End” Water Mains. Requested Amount \$13,492.16; Recommended Payment \$13,492.16. Request For Approval

Mr. Perry stated that this was the same type of project. Mr. Perry moved approval of the request with Mr. Schock seconding the motion. Mr. Penn reported that the Finance Committee recommended approval. The motion carried with Mr. Stamp opposing.

(g) Town of Westerly Water Department—Water Quality Improvement Project—Eligibility Request for a MIOX (mixed oxidants) Study. Request for Approval

Mr. Perry stated that the PDWP Committee engaged in significant discussion in terms of whether the request was appropriate. With reservations, the Committee recommended approval but agreed to bring the matter to the Board. Mr. Perry moved approval of the request with Ms. Swallow seconding the motion. Mr. Schock wanted clarification on whether the Board was approving the study. Mr. Perry replied that the action was just a determination of eligibility. Mr. Penn suggested asking bond counsel for guidance before taking action, since there are specific requirements. Ms. Swallow explained that the

purpose of the pilot study relates to the taste of the water. It is a matter of opinion if taste is a water quality concern; however, the Committee has approved projects that address aesthetic issues in the past. She warned members that the study is substantially incomplete with substantial work remaining before a design can be approved; this would be only the first in a series of requests for payments. Mr. Perry moved to refer the matter to bond counsel with Mr. Schock seconding the motion. The motion carried with Ms. Swallow abstaining.

5. NEW BUSINESS - None

6. OTHER BUSINESS - None

7. ADJOURNMENT

On a motion by Mr. Stamp, second by Mr. Milano, the Board unanimously voted to adjourn at 1:45PM.

Prepared by,

Connie McGreavy

Overseeing Body: RI Water Resources Board Corporate

Public Body: RI Water Resources Board Corporate

Public Contact Information: Connie McGreavy

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