

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
2 NARRAGANSETT BAY COMMISSION

3 In Re: Monthly Board Meeting of the Commission

4 DATE: September 22, 2010
5 TIME: 11:00 a.m.
6 PLACE: Narragansett Bay Commission
Corporate Office Building
One Service Road
Providence, RI 02905

7 PRESENT:

- 8 Vincent Mesolella, Chairman
Raymond Marshall, Secretary–Executive Director
9 Angelo S. Rotella, Vice Chairman
Joseph DeAngelis, Esquire
10 Richard Brown
Richard Burroughs
11 Bruce Campbell
Mario Carlino
12 Michael DiChiro
Jonathan K. Farnum
13 Joseph Kimball
Alan Nathan
14 Michael Salvatore
Leo Thompson
15 Richard Worrell

16 ALSO PRESENT:

- 17 Leslie Alhborg, NBC
18 Sherri Arnold, NBC
Rich Bernier, NBC
19 Patricia Boucher, NBC
Kerry Britt, NBC
20 Francie Brown, NBC
Tom Brueckner, NBC
21 Anthony Bucci, Esq.
Anamaria Clarkin, NBC
22 Terry Cote, NBC
Paul Desrosiers, NBC
23 Charles Donovan, Jr., House Oversight
Leah Foster, NBC
24 Harold Gadon, CAC
Jason Galego, NBC

ALLIED COURT REPORTERS, INC. (401) 946-5500

- 1 ALSO PRESENT, cont.
- 2 Karen Giebink, NBC
Carmine Goneconte, NBC
- 3 Meg Goulet, NBC
Jennifer Harrington, NBC
- 4 Laurie Horridge, NBC
Fern Johnson, NBC
- 5 Jonathan Keaney, Brown & Caldwell
Stephen Lallo, NBC
- 6 Laren Lessuck, NBC
Pamela Luey, NBC
- 7 Joanne Maceroni, NBC
Cheryl Manger, NBC
- 8 Karen Musumeci, NBC
Ernie Nastari, NBC
- 9 Paul Nordstrom, NBC
Russ Parry, JL Marshall
- 10 Joe Pratt, Louis Berger Group
Ralph Ruggiano, Jr., NBC
- 11 John Salo, Brown & Caldwell
Deborah Samson, NBC
- 12 Jamie Samons, NBC
Rebecca Songolo, NBC
- 13 Elizabeth Teixeira, NBC
Thomas Uva, NBC
- 14 Richard Williams, NBC

15

16

17

18

19

20

21

22

23

24

25

ALLIED COURT REPORTERS, INC. (401) 946-5500

3

1 (MONTHLY BOARD MEETING COMMENCED AT 11:06 A.M.)

2 CHAIRMAN MESOLELLA: Good morning, everyone.

3 Welcome. As we begin the fall session of the

4 Narragansett Bay Commission, we'll begin the meeting by

5 calling the Board to order at 11:06, September 22.

6 The first order of business is the approval of the

7 previous minutes. Have all of our members had an

8 opportunity to review the previous minutes, and if so,

9 are there any comments, questions or corrections?

10 COMMISSIONER SALVADORE: Move approval, Mr.

11 Chairman.

12 CHAIRMAN MESOLELLA: On the previous

13 minutes, Commissioner Salvadore moves approval.

14 COMMISSIONER KIMBALL: Second.

15 COMMISSIONER BROWN: Second.

16 CHAIRMAN MESOLELLA: Seconded by

17 Commissioner Kimball and Commissioner Brown.

18 Discussion. Discussion on the previous minutes.

19 THE COMMISSION: (No response)

20 CHAIRMAN MESOLELLA: Hearing none, all of

21 those that are in favor will say aye.

22 THE COMMISSION: Aye.

23 CHAIRMAN MESOLELLA: Are there any opposed?

24 THE COMMISSION: (No response)

25 CHAIRMAN MESOLELLA: There are none opposed,

ALLIED COURT REPORTERS, INC. (401) 946-5500

4

1 and the motion carries.

2 (MOTION PASSED UNANIMOUSLY)

3 CHAIRMAN MESOLELLA: The next order of

4 business is Item Number 3, Old Business. Is there any

5 old business to come before the Commission this morning,

6 old business of any kind, of any nature at all?

7 THE COMMISSION: (No response)

8 CHAIRMAN MESOLELLA: Hearing none, moving

9 along to Item Number 4, which is the Acknowledgement of

10 Awards. For this portion of our program today, we will

11 call on the Executive Director for recognition of staff.

12 RAYMOND MARSHALL: Okay. We have a series

13 of awards here that we want to present today. The first

14 one is from the Government and Finance Officers

15 Association, also known as the GFOA.

16 We received the Distinguished Budget Presentation

17 Award. This is an award that is granted to

18 organizations that provide a budget document that is

19 exemplary and that provides information any member of
20 the public could understand simply by looking at it; and
21 we're very proud of this. We've won it several years in
22 a row now, and I'd like to call Francie Brown, Sherri
23 Arnold and Anamaria Clarkin to come up and receive the
24 award, please.

25 (AWARD PRESENTATION)

ALLIED COURT REPORTERS, INC. (401) 946-5500

5

1 RAYMOND MARSHALL: The second award also
2 goes to the Finance Division. The GFOA has a second
3 award, which is for Excellence In Financial Reporting,
4 and it has to do with the annual audits that we have
5 done on our financial statements on a year-in, year-out
6 basis; and again, we received this for several
7 consecutive years, and the people responsible for this
8 award are Leah Foster, Cheryl Pescarino and Robin
9 Simoes. So, if I can have you come up here, please.

10 (AWARD PRESENTATION)

11 RAYMOND MARSHALL: Thank you very much. The
12 next award comes from the National Association of Clean
13 Water Agencies, also known as NACWA, and they have
14 different categories of awards that they award across
15 the entire Nation; and this one is for environmental
16 performance, and specifically, our Receiving Water

17 Monitoring Program, a program that we started several
18 years ago; and it has really been reaping benefits for
19 us in terms of generating information on water the
20 quality of Narragansett Bay and the receiving waters and
21 will help us document the improvements that are being
22 made as a result of the work we've done on our CSO
23 Program and the treatment plant upgrades. This requires
24 thousands and thousands of hours of effort by staff
25 overall, both in the Environmental Monitoring group and

ALLIED COURT REPORTERS, INC. (401) 946-5500

6

1 in the laboratory to make this all come together.
2 So, I'd like to call the following people up to
3 receive the award on behalf of their respective
4 sections: John Motta and Jim Kelley from Environmental
5 Monitoring and Walter Palm and Angelina Glater from the
6 lab.

7 (AWARD PRESENTATION)

8 RAYMOND MARSHALL: Thank you. Great job.
9 By the way, as it relates to that particular award,
10 Environmental Monitoring takes over 25,000 samples every
11 year, and the lab analyzes for somewhere around 110,000
12 parameters every year. So, you can imagine the volume
13 of work and the organizational skills you have to have
14 to make that all come together, and much of it is time

15 dependent, too. You just can't, necessarily, take a
16 sample, let it sit around for a month and then decide to
17 analyze it. So, great job by all those involved. We
18 really appreciate your efforts.

19 The next two awards are both awarded by NACWA, again,
20 the National Association of Clean Water Agencies, and
21 the first one we're going to recognize is from Field's
22 Point. It's called the Silver Award that NACWA gives
23 out. That means you can have no more than five permit
24 deviations over the course of an entire year, which when
25 you consider the number of parameters that we analyze

ALLIED COURT REPORTERS, INC. (401) 946-5500

7

1 for and that we're required to comply with, it's truly
2 an accomplishment, and I'm very happy to call Carmine
3 Goneconte, Paul Desrosiers and Rich Williams up here to
4 receive the Field's Point Award.

5 (AWARD PRESENTATION)

6 RAYMOND MARSHALL: Our final award is also
7 given by NACWA. It's the same level of achievement that
8 Field's Point has just accomplished, and that's with the
9 Bucklin Point Wastewater Treatment Plant; and we are
10 truly blessed to have two Operations staffs that can
11 pull this off in the same year, and I'd like to call the
12 people from Bucklin Point up here. Brent Herring, Cathy

13 Perez and Gil Veilleux, can you guys come up here,
14 please?

15 (AWARD PRESENTATION)

16 RAYMOND MARSHALL: Great job, guys.

17 CHAIRMAN MESOLELLA: It's always reassuring
18 to get acknowledgment for the level of excellence at the
19 agency here by outside opinion. It's reassuring.

20 Moving right along, Item Number 5 is the Executive
21 Director's Report. Mr. Secretary, do you have a report
22 for us today?

23 RAYMOND MARSHALL: Yes, I do.

24 CHAIRMAN MESOLELLA: Then proceed.

25 RAYMOND MARSHALL: I know you've all missed

ALLIED COURT REPORTERS, INC. (401) 946-5500

8

1 these over the summer. The August report is very
2 positive. On Page 2 of my report, you'll note that the
3 treatment has been very good. There were no permit
4 violations in August. Flows have been low, as you'd
5 expect in a dry summer, and Field's Point is performing
6 very well, even considering all the disruption they've
7 had there with the construction we've had going on
8 throughout their facility.

9 Bucklin Point also has done a very good job. With
10 nitrogen removal, they are less than 6 1/2 parts per

11 million of a limit of 8 1/2 parts per million at the
12 current time. So, they're doing a really good job
13 staying within that limit.

14 If you then move on to Page 6, the Interceptor
15 Maintenance group reported one small dry weather
16 overflow in August. It was discovered as a result of
17 their routine activities between Interceptor Maintenance
18 and the Environmental Monitoring group. They identified
19 it, went out there and addressed the problem very
20 quickly.

21 Page 8 we note that the Lincoln Septage Receiving
22 Station we had 244 trucks delivering 680,000 gallons of
23 waste, so that service continues to be heavily used; and
24 on Page 9, we list a number of the Interceptor
25 improvements projects that we've been making or continue

ALLIED COURT REPORTERS, INC. (401) 946-5500

9

1 to make over the last several months. Cleaning, video
2 tapings, removal of large objects that are in pipelines,
3 doing spot repairs and manhole improvements and some
4 lining of pipes that have deteriorated structurally to
5 get them back up to full operating shape.

6 CHAIRMAN MESOLELLA: Can the people in the
7 back hear?

8 RAYMOND MARSHALL: Is it better now?

9 CHAIRMAN MESOLELLA: Can you hear me now?
10 RAYMOND MARSHALL: The Engineering Section,
11 if you go to Page 10, has been busy evaluating several
12 RFQPs. Those are proposals that they'll come before you
13 today for approval, and also working on finalizing the
14 Combined Sewer Overflow Phase II Design Contracts, what
15 size to make them, what the timing of each of them will
16 be in addition to pursuing CRMC permitting, DEM
17 permitting, easement identification, archeological
18 investigations and negotiations with National Grid on
19 some gas pipeline relocations. So, they've had a busy
20 summer.
21 The Construction group, which starts on Page 13 of my
22 report, you probably noticed as you came into the
23 parking lot today the tremendous difference at the site
24 of the Operations building, which was a hole in the
25 ground when you left here in June, and now the

ALLIED COURT REPORTERS, INC. (401) 946-5500

10

1 structural steel is all in place. They have been
2 pouring the floors, and they intend to have that
3 building closed in by the wintertime; and so, we'll see
4 how they make out in that regard.
5 They are also working at multiple other locations on
6 the plant site, which are hard to see from the street.

7 If any of the Commissioners are interested, you're
8 welcome to come up to my office afterwards and get a
9 nice bird's-eye view of what's going on out there. It
10 is very disruptive just in general for the Operations
11 staff, but the contractor has done a real good job
12 coordinating with our Construction and Operations group
13 to make sure that it doesn't negatively impact our
14 performance at the plant.

15 The other construction-related item I'd like to bring
16 to your attention is that the animal shelter ribbon
17 cutting is finally going to take place next Tuesday,
18 which is September 28th, at 10:30 a.m. You're all
19 welcome to attend.

20 The new animal shelter is located on Terminal Road,
21 so if you've coming down Allens Avenue from the City,
22 it's the traffic signal before the Ernest Street signal,
23 the two that are very close together. You'd go over the
24 railroad tracks, take a left, and you'll see the super
25 structure for our crane. Right next to that is the new

ALLIED COURT REPORTERS, INC. (401) 946-5500

11

1 animal shelter location, and the City finally has
2 scheduled a ribbon cutting for next Tuesday at 10:30.
3 You're all welcome. We can send out a reminder of that
4 on Monday, in case you can fit it in.

5 Page 15 we begin the Administration and Finance
6 Division report. They were very busy closing out FY
7 2010. You'll hear a presentation on the audit for that
8 year in just a few minutes. They also have started up
9 all of the books for FY '11, and they are working to
10 prepare a submission for a state revolving loan fund and
11 a PUC filing.

12 The Finance Committee reviewed those a little
13 earlier, and that will require your approval also before
14 the end of this meeting. Our very low rate debt bonds
15 are still being remarketed successfully below 1 percent,
16 so that's been a very positive continuation of more of a
17 trend.

18 Our IT Section has been busy, and between Pages 16
19 and 18, it outlines the various upgrades for our systems
20 for operating security and networking that they've been
21 undertaking.

22 Our Customer Service Section on Page 18 continues to
23 bill monthly. That's going very well. We billed about
24 \$7 million in the month of August alone, and it's been a
25 particular challenge because the computer system at the

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 Providence Water Supply Board crashed in the middle of
2 August; and it's not certain when it will become

3 operational again. That effects our ability to get
4 accurate consumption water meter readings, but because
5 we're billing monthly, we have a database that we can
6 project or estimate what the customers are using. So,
7 we'll bill on estimated readings, and then we'll true up
8 when we get the actual readings when their system gets
9 back on line to keep our cash flow coming in the door.

10 Page 20, the Accounting Section, they spent the past
11 couple of months working with our audit and our outside
12 auditors. As I said, you'll hear a report on that.

13 That's a huge undertaking at the end of every fiscal
14 year, but one that I think you'll be happy with the
15 results of.

16 On Page 22, Policy, Planning & Regulation has
17 outlined several pages of their activities, most notably
18 PP&R personnel were involved with Engineering and
19 Construction personnel evaluating the proposals we
20 received on the green technology that we're pursuing,
21 which are the wind turbines and the biogas at Bucklin
22 Point; and those two items will come to you for approval
23 a little later in this meeting.

24 And then, of course, they continue to collect and
25 analyze many, many samples, and you'll see on Page 29

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 and 33 some of the numbers, whether it's the two
2 treatment plants or the rivers of the bay and other
3 monitoring that we do within our sewer system on nearly
4 2,400 samples taken and analyze for nearly 9,000
5 parameters. So, it's a well-coordinated activity and
6 one that is worthy of winning the award that NACWA
7 bestowed upon us this past summer and which you just
8 witnessed a presentation of.

9 Finally, in the Executive Division, the new year has
10 begun for the Woon Watershed Explorers program, and the
11 materials have been prepared for the 600 students who
12 are going to participate in that. So, that's always a
13 really fun and positive undertaking.

14 In Government Affairs as a result of the various
15 legislation that passed in the last session, we are now
16 adjusting some of our policies and procedures in order
17 to comply with changes that we are required to
18 implement.

19 Labor Relations, right after the last Board Meeting
20 in June, our two unions, Council 94 and Laborers 1033,
21 approved the one-year extension of the Collective
22 Bargaining Agreement. You had approved it on the Board
23 Meeting or at the Board Meeting June.

24 Legal's been busy with lien sale matters in
25 particular of late, if you go to Page 38, we originally

1 selected 311 accounts for collection. That accounted
2 for \$531,000 of outstanding user fees. The number of
3 accounts remaining is now 242, actually, probably
4 something approaching 200 at this point, and we have
5 collected, I report \$107,000 out of the original
6 531,000; but I had an update yesterday, and we've
7 collected \$214,000 now; and in the last 30 days, which
8 is the period that we're in before the lien sale, is
9 when we usually collect the most money. So, that is
10 progressing as we anticipated it would.

11 And finally, the last item is on Page 39. We've had
12 an ongoing issue with the landowners of Davol Square.
13 We've been in and out of different court settings with
14 them to try to come to an agreement on a final number,
15 and just in the last several days, we've come to an
16 agreement of \$80,000.

17 We'll pay them an additional \$80,000 to settle that
18 matter, and it will be completely signed off; and
19 they'll withdrew their proceedings that they've
20 requested in front of the State Supreme Court. So, with
21 that, I am done, Mr. Chairman.

22 CHAIRMAN MESOLELLA: All of our members have
23 heard the Executive Director's Report. Are there any
24 comments or questions regarding the Executive Director's
25 Report? Commissioner Campbell.

1 COMMISSIONER CAMPBELL: It does not appear
2 to be on the computer. I was unable to find it.

3 COMMISSIONER DiCHIRO: I had a tough time
4 finding it, too.

5 COMMISSIONER CAMPBELL: It goes up to the
6 July meeting, but not August.

7 COMMISSIONER WORRELL: It's on the computer.

8 COMMISSIONER CAMPBELL: It is? Where?

9 COMMISSIONER WORRELL: If you look on the
10 very first page, the upper right-hand corner, if you go
11 to the, I guess the home page, it's the July report.

12 COMMISSIONER CAMPBELL: But he was talking
13 about August.

14 RAYMOND MARSHALL: I was doing August.

15 COMMISSIONER CAMPBELL: I looked at the July
16 report, and it doesn't correspond to what he was saying.

17 CHAIRMAN MESOLELLA: Commissioner Carlino.

18 RAYMOND MARSHALL: Commissioner, thank you.

19 We'll get it up there.

20 COMMISSIONER CARLINO: What was the issue
21 with Davol that we had?

22 CHAIRMAN MESOLELLA: I'm sorry?

23 COMMISSIONER CARLINO: What was the issue

24 that we had with Davol, why we were in litigation?

25 RAYMOND MARSHALL: We took an easement

ALLIED COURT REPORTERS, INC. (401) 946-5500

16

1 against them, and we had it appraised; and we offered
2 then or we put into the court, we filed with the court
3 "X" amount of money, escrow, and they disputed that, and
4 then they took us to, was it Superior Court next?

5 MS. HORRIDGE: Yes. It went to Superior
6 Court. It went through trial. What they were looking
7 for, their argument was that they could have built a
8 14-story high-rise building where we were taking the
9 property.

10 The long and the short of it was, they were looking
11 for something like 1.6 million. We paid them 270,000,
12 roughly, whatever. It went to Superior Court. After
13 Superior Court, the court said we owed them about
14 another 100,000, which we paid them.

15 They then appealed to Supreme Court. Supreme Court
16 ordered full briefing, and at that point, we had to make
17 the decision, do we take a chance on a reversal, do we
18 take a chance on a remand trial, the whole litigation
19 thing again or do we settle?

20 COMMISSIONER CARLINO: So, what was the
21 total amount that we paid for that easement, about

22 400,000?

23 RAYMOND MARSHALL: 457,000.

24 COMMISSIONER CARLINO: Approximately, how
25 big was that easement?

ALLIED COURT REPORTERS, INC. (401) 946-5500

17

1 MS. HORRIDGE: The actual size of it?

2 COMMISSIONER CARLINO: Yes.

3 RAYMOND MARSHALL: Probably 20 feet wide,
4 the permanent easement, 20 feet wide by several hundred
5 feet long.

6 MS. HORRIDGE: Well, for a period of time,
7 the temporary easement included half of their parking
8 lot, so there were temporary easements and permanent
9 easements. The temporary was only for a certain period
10 of time.

11 COMMISSIONER CARLINO: Thank you.

12 CHAIRMAN MESOLELLA: Further discussion
13 regarding the Executive Director's report?

14 THE COMMISSION: (No response)

15 CHAIRMAN MESOLELLA: I don't think we need a
16 motion.

17 RAYMOND MARSHALL: No.

18 CHAIRMAN MESOLELLA: We never have. Moving
19 right along, the next item, Item Number 6, Committee

20 Reports and Action Items Resulting. The first Committee
21 reporting is the Construction, Engineering and
22 Operations Committee. Commissioner Salvadore, do you
23 have a report for us today?

24 COMMISSIONER SALVADORE: Yes, I do, Mr.
25 Chairman.

ALLIED COURT REPORTERS, INC. (401) 946-5500

18

1 CHAIRMAN MESOLELLA: Then proceed.

2 COMMISSIONER SALVADORE: We had an
3 extraordinarily long meeting this morning. We have six
4 items for discussion and consideration by the Board of
5 Commissioners, the first being Review and Approval of
6 Resolution 2010:23, Authorization to Increase Funding
7 for Contract 303.34-Interceptor Cleaning and Inspection
8 Services for the Seekonk River Interceptor, and the
9 amount of the increase is \$6,500, and CEO recommends
10 approval, Mr. Chairman.

11 CHAIRMAN MESOLELLA: We have a motion to
12 approve Resolution 2010:23, the amount of \$6,500. Many
13 of the Commissioners were already here for that
14 explanation. We have a motion.

15 COMMISSIONER WORRELL: Second.

16 CHAIRMAN MESOLELLA: Seconded by
17 Commissioner Worrell. Any discussion on Resolution

18 2010:23?

19 THE COMMISSION: (No response)

20 CHAIRMAN MESOLELLA: Hearing none, all of
21 those that are in favor will say aye.

22 THE COMMISSION: Aye.

23 CHAIRMAN MESOLELLA: Are there any opposed?

24 THE COMMISSION: (No response)

25 CHAIRMAN MESOLELLA: There are none opposed,

ALLIED COURT REPORTERS, INC. (401) 946-5500

19

1 and the motion carries.

2 (MOTION PASSED UNANIMOUSLY)

3 CHAIRMAN MESOLELLA: The next order of
4 business, Item B, Review and Approval of Resolution
5 2010:24, Authorization to Award Bids for Contract -- I'm
6 sorry.

7 COMMISSIONER SALVADORE: Thank you, Mr.
8 Chairman. Item B, Review and Approval of Resolution
9 2010:24, Authorization to Award Bids for Contract
10 706.00C, Improvements to the Omega Pump Station Rack
11 Room with an amount not to exceed \$104,764. CEO
12 recommends approval, Mr. Chairman.

13 CHAIRMAN MESOLELLA: We have a motion to
14 approve Resolution 2010:24. Is there a second?

15 COMMISSIONER WORRELL: Second.

16 COMMISSIONER DiCHIRO: Second.

17 CHAIRMAN MESOLELLA: Commissioner Worrell
18 and Commissioner DiChiro second the motion. Do we need
19 an explanation of that?

20 RAYMOND MARSHALL: I can give a brief
21 explanation.

22 CHAIRMAN MESOLELLA: Why don't you provide
23 an explanation quickly.

24 RAYMOND MARSHALL: There are three items of
25 work on this job, to replace some electrical wiring and

ALLIED COURT REPORTERS, INC. (401) 946-5500

20

1 fixtures, to replace the heating system and to do some
2 painting in the exterior of the building. We decided to
3 act as our own general contractor on this job, so we
4 just bid the specialty items of electrical, heating and
5 painting.

6 It was a sealed low bid type of situation, and the
7 three low bidders totaled the \$104,764, Pajan Services,
8 Lincoln Energy and Dennis Moffitt are the contractors.

9 CHAIRMAN MESOLELLA: We've heard the
10 explanation. We have a motion. We have a second. Any
11 discussion on Resolution 2010:24?

12 THE COMMISSION: (No response)

13 CHAIRMAN MESOLELLA: Hearing none, all of

14 those that are in favor will say aye.

15 THE COMMISSION: Aye.

16 CHAIRMAN MESOLELLA: Are there any opposed?

17 THE COMMISSION: (No response)

18 CHAIRMAN MESOLELLA: There are none opposed.

19 (MOTION PASSED UNANIMOUSLY)

20 CHAIRMAN MESOLELLA: Next order of business,

21 Item C, Commissioner Salvatore.

22 COMMISSIONER SALVADORE: The third item is

23 Review and Approval of Resolution 2010:25, Authorization

24 to Negotiate Architectural and Design Services for

25 Contract 119.00D Regulatory Compliance Building at the

ALLIED COURT REPORTERS, INC. (401) 946-5500

21

1 Field's Point Wastewater Treatment Facility, and the

2 amount is \$1,400,000. CEO recommends approval, Mr.

3 Chairman.

4 CHAIRMAN MESOLELLA: We have a motion. Is

5 there a second?

6 COMMISSIONER BROWN: Second.

7 CHAIRMAN MESOLELLA: Commissioner Brown

8 seconds the motion. This, I think, requires some

9 explanation for the members and our guests. Just for

10 your edification, does anyone have these (indicating)?

11 These are renderings of the building we're about to

12 discuss. So, having said that, Ray, do you want to give
13 an explanation?

14 RAYMOND MARSHALL: Sure. Back in July of
15 2008, we signed an agreement with Camp Dresser & Mcgee
16 to do some planning level services for our new
17 Regulatory Compliance Building, which would be comprised
18 primarily of a new laboratory and also to review our
19 site access and security issues as well as storage
20 requirements that we've been struggling with.

21 A little less than a year later, they came back to us
22 and said, for a new building on the site of the existing
23 dog pound, which is where we directed them to locate the
24 building, we were looking at an overall cost of about
25 \$19.1 million to build the facility that we had given

ALLIED COURT REPORTERS, INC. (401) 946-5500

22

1 them input to plan around.

2 We decided that that exceeded our budgetary
3 allowance, and the project was placed on hold while we
4 could rethink the project and while we got a few other
5 pressing issues out of the way.

6 In addition, we knew that we couldn't really start
7 constructing that building anytime soon because we had
8 to move the existing dog pound to its new location, but
9 as a result of the increasingly pressing need for a new

10 lab, as we get more and more thrust upon us by the
11 regulatory agencies, and I've already given you some
12 numbers earlier, the number of analysis that we do, not
13 only is that a larger quantity, the quality, the higher
14 level of detection that we need to reach, we really do
15 need better laboratory facilities; and those
16 requirements are only going to increase as the
17 regulations continue to become more and more stringent.
18 So, we asked CDM, who had some money left in their
19 contract, to go back and take another look and to try to
20 compress the contract that we had originally envisioned,
21 and I believe we went from 44,000 square feet down to
22 36,000 square feet in terms of the size of the building;
23 and we also identified what we could do alternatively
24 for storage, so we didn't need them to focus on that at
25 all; and we decided that the security issues that we

ALLIED COURT REPORTERS, INC. (401) 946-5500

23

1 want to implement are really a couple of years down the
2 road because we need to get all the construction done on
3 our sites first before we go and start pursuing that.
4 So, in the end, they were able to come up with a
5 project that's going to meet our needs at a reduced
6 cost, and that cost is \$15.5 million is the price of the
7 new building.

8 You have the handouts that are at your seat, I
9 believe in addition, you should have access to a couple
10 of renderings that are also on the Board of
11 Commissioners' website. Was everyone able to find
12 those? So, you will have an idea of what the building
13 will look like when it's done from a couple of different
14 views.

15 We asked CDM to estimate a design fee for this work
16 which was then reviewed by our engineering staff, and
17 they concurred that \$1,309,127 was a fair fee for the
18 work that needed to be undertaken.

19 In addition, our staff has asked to keep in reserve
20 for their allocation, should we have any unforeseen
21 circumstances arise, an additional \$130,873 for a total
22 of 1.44 million. Again, the CDM contract will only be
23 for 1,309,127. So, it's a project that we're now
24 interested in moving ahead with.

25 What CDM will do in this phase of the work is come up

ALLIED COURT REPORTERS, INC. (401) 946-5500

24

1 with design plans and specification construction
2 documents that can then be put out for public bidding
3 purposes. Mr. Chairman?

4 CHAIRMAN MESOLELLA: Questions? I know the
5 Executive Director has gone through the issue on this

6 matter. It was discussed at length with Commissioner
7 Salvador and the CEO committee. Does everyone have
8 these (indicating)?

9 THE COMMISSION: Yes.

10 CHAIRMAN MESOLELLA: So, having said that,
11 we have a motion. We have a second. Is there any
12 discussion on this matter?

13 THE COMMISSION: (No response)

14 CHAIRMAN MESOLELLA: Does everyone
15 understand completely how we're proceeding on this
16 matter?

17 THE COMMISSION: (No response)

18 CHAIRMAN MESOLELLA: Okay. We have a
19 motion. We have a second. Are there any questions?

20 THE COMMISSION: (No response)

21 CHAIRMAN MESOLELLA: All of those that are
22 in favor will say aye.

23 THE COMMISSION: Aye.

24 CHAIRMAN MESOLELLA: Are there any opposed?

25 THE COMMISSION: (No response)

ALLIED COURT REPORTERS, INC. (401) 946-5500

25

1 CHAIRMAN MESOLELLA: There are none opposed,
2 and that motion carries.

3 (MOTION PASSED UNANIMOUSLY)

4 CHAIRMAN MESOLELLA: The next order of
5 business is Item D. Commissioner Salvadore.

6 (CHAIRMAN MESOLELLA IS NOW NOT PRESENT)

7 COMMISSIONER SALVADORE: Item D, Mr.
8 Chairman, Review and Approval of Resolution 2010:26,
9 Authorization to Award Design Services for a Biogas
10 Cogeneration System at the Bucklin Point Wastewater
11 Treatment Facility in an amount not to exceed \$366,620,
12 and CEO recommends approval, Mr. Chairman.

13 VICE CHAIRMAN ROTELLA: Ray, explanation.

14 RAYMOND MARSHALL: Sure. This is one of our
15 green projects that I mentioned earlier. The gas that's
16 generated from the anaerobic digesters is now used to
17 heat the digesters to make that process work more
18 efficiently, and we do have excess gas that we now just
19 flair off; and to put that to better use, we've been
20 looking at utilizing it to generate electricity.

21 We had one study done about two years ago that
22 identified different technologies we could use. The
23 complicated factor then was the fact that we had a lot
24 of contaminants in the gas, specifically siloxanes.

25 We had one particular industry within that district

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 that generated personal care products, actually,

2 manufactured personal care projects. That was the bulk
3 of the loading that we were receiving at the time.

4 Every treatment plant has some siloxanes in their
5 waste because everyone, well, hopefully, they use
6 deodorants and hair care products and things of that
7 nature, so it just shows up in your waste treatment.

8 So, now that the amount has been significantly reduced,
9 we're ready to move forward with the project in a more
10 efficient manner.

11 We went out for RFQP on this because we wanted to
12 have someone take a fresh look at it and then move right
13 into design to get a set of plans and specs ready for
14 what would be considered construction documents so it
15 could go out to bid.

16 We had three firms submit. They were evaluated by a
17 review team, which was composed of members of our
18 Engineering staff, our Operations staff, and Policy,
19 Planning & Regulation, and they all, each individual
20 rated, the same firm the highest by far. It wasn't even
21 close. They thought, actually, one of the submissions
22 was essentially nonresponsive.

23 So, the best proposal was by Brown and Caldwell.
24 They were also the highest price, but because this is a
25 proposal as opposed to a bid, we have the latitude and

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 are recommending that Brown and Caldwell be selected to
2 do this design work for us at a fee of \$366,620, and
3 that's contained in Resolution 2010:26.

4 VICE CHAIRMAN ROTELLA: Questions?
5 Commissioner Nathan.

6 COMMISSIONER NATHAN: I have two questions.
7 When you get into a situation like this, I understand
8 that they've got a much higher rating, do you lean on
9 them to bring that not to exceed that number and maybe
10 they knowing that other people bid much lower, that
11 maybe they had a little meat in that and they could
12 bring it down as a normal practice?

13 RAYMOND MARSHALL: As a normal practice, we
14 do try to do that. In some cases we're successful; in
15 other cases we are not successful, and we end up signing
16 for the price that they quoted in their submission. I
17 don't know how it will play out in this particular case.

18 COMMISSIONER NATHAN: Would they be the
19 company that would be in first place to do the
20 construction part of it so that becomes a carrot or not
21 at all?

22 RAYMOND MARSHALL: No. The only thing that
23 the design firms will do during construction would be
24 shop drawing review for us, but that would be a separate
25 fee; that's not contained in this, but they do not also

1 do construction the way we have this project set up and
2 the way we have most of our projects set up.

3 I say that because the next item that will come
4 before you is a little different, but in this type of a
5 contract, they only do design and advice during
6 construction, no actual construction themselves.

7 COMMISSIONER NATHAN: I want to change the
8 subject and ask another question that pertains not only
9 to this, but to the windmill as well, the wind turbine
10 system. In your industry, do you have guidelines on
11 return on investment or payback time?

12 In other words, we're talking here about utilizing
13 some gas that we generate, but at some point, it's too
14 expensive for us to do it. Do you use industry
15 standards for that, or how do you, in a not-for-profit,
16 so to speak, how do you do that?

17 And the same question then applies to the wind
18 turbines because in industry, we're often talking about
19 returns, 5 years, 6 years, 7 years. The wind turbine is
20 double that. So, could you relate some of these to what
21 is the standard in this kind of a marketplace?

22 RAYMOND MARSHALL: Sure. For most of the
23 work we do, there is no real payback calculation because
24 most of what we do upgrading for --

ALLIED COURT REPORTERS, INC. (401) 946-5500

29

1 these two are different.

2 RAYMOND MARSHALL: Right, but these two are

3 different, and we've been trying to make, I'm trying to

4 think of how to phrase this, if it's less than 20 years

5 because that's generally the life of this equipment, we

6 feel that it is a project worth pursuing for a couple of

7 reasons. One being the price of electricity is only

8 going to continue to go up, and so any calculations we

9 do now based on today's electric rates, it will only

10 improve.

11 The second reason is because we believe that as an

12 environmental organization that we should lead by

13 example, and the third is one of the merging

14 requirements on a national basis is going to be that

15 treatment plants need to evaluate their carbon

16 footprints. I'm sure you've heard that term before, but

17 that's going to be something that we're going to have to

18 do in the next few years, identify what our carbon

19 footprint is, and then the EPA and other regulatory

20 agencies are going to start requiring wastewater

21 treatment facilities to reduce their carbon footprints.

22 So, our belief is we might as well get ahead of the

23 curve and start doing that now. Because if you look at
24 Bucklin Point, just as an example, the gas we don't use
25 we flair off, and I'm not sure I used the term at this

ALLIED COURT REPORTERS, INC. (401) 946-5500

30

1 particular meeting; but I did at the Committee meeting,
2 it looks like the Olympic torch sometimes, and that's
3 how much gas we flair off; and the carbon footprint of
4 that is pretty significant, frankly, but with the work
5 we're going to do to generate electricity, it will
6 reduce that; and it will be more efficiently managed.

7 COMMISSIONER NATHAN: So, ultimately, will
8 you be setting up two of these?

9 RAYMOND MARSHALL: Two? How do you mean?

10 COMMISSIONER NATHAN: Would you generate
11 electricity at both plants?

12 RAYMOND MARSHALL: No. It would be just at
13 Bucklin Point because Bucklin Point has the treatment
14 process in place called anaerobic digestion, which we do
15 not have at Field's Point, and we do not intend to put
16 it in place at Field's Point.

17 VICE CHAIRMAN ROTELLA: Any further
18 questions? Yes.

19 COMMISSIONER KIMBALL: Ray, have you been
20 able to come up with any type of idea in terms of,

21 getting back to Alan's point, any type of cost savings
22 that it will generate?

23 RAYMOND MARSHALL: Yes. We have calculated
24 that we will save somewhere between 35 and 40 percent of
25 our electric costs at Bucklin Point with this particular

ALLIED COURT REPORTERS, INC. (401) 946-5500

31

1 project. At Field's Point, it might be a little bit
2 more with the wind turbines, but that's about it; and
3 we're trying to be really conservative and not get
4 overly enthusiastic about what we think we'll save.

5 COMMISSIONER KIMBALL: So, you could
6 actually come up with a payback.

7 RAYMOND MARSHALL: Oh, yes. I think Barry
8 has for this project. I just don't remember what it is
9 off the top of my head.

10 MR. UVA: I believe our conservative
11 calculations, they were probably around 50 percent of
12 electric cost savings.

13 RAYMOND MARSHALL: At Bucklin for this job.

14 MR. UVA: 50 at Bucklin Point, yes.

15 RAYMOND MARSHALL: Do you know what the
16 payback was, Tom?

17 MR. UVA: Payback on this was relatively
18 short. I think the time was 3 to 5 years.

19 RAYMOND MARSHALL: Really, on this, Tom?

20 MR. UVA: Yes. This was pretty good payback

21 on this.

22 VICE PRESIDENT ROTELLA: Any further

23 questions or discussion? Yes.

24 COMMISSIONER WORRELL: We're going to get to

25 50 percent of our cost for electrical generation at

ALLIED COURT REPORTERS, INC. (401) 946-5500

32

1 Bucklin, or where are we now before we institute this?

2 RAYMOND MARSHALL: How many kilowatt hours

3 do we use over there? Right now I think we probably

4 use --

5 COMMISSIONER WORRELL: No, no, no. We're

6 getting some co-generation over there right now, right?

7 RAYMOND MARSHALL: No. All we're doing

8 right now is we use the gas to heat the digesters, so

9 we're not saving on electricity; but if we didn't have

10 this gas to heat the digesters, we'd have to use natural

11 gas to heat the digesters; so we're saving on gas

12 consumption.

13 COMMISSIONER WORRELL: Well, am I correct

14 that we're going to save 50 percent of our total

15 electrical usage at Bucklin?

16 MR. UVA: That's what our preliminary

17 calculations show, and I think that would be refined by
18 the contractor and based upon what the final decision is
19 to what type of technology to go with and also if you'll
20 look at where they want to blend some natural gas in
21 with the biogas. So, they'll come up with final
22 conclusions and final recommendations on the project.

23 VICE CHAIRMAN ROTELLA: Anything else?

24 THE COMMISSION: (No response)

25 VICE CHAIRMAN ROTELLA: Are we ready to

ALLIED COURT REPORTERS, INC. (401) 946-5500

33

1 vote? All those in favor please say aye.

2 THE COMMISSION: Aye.

3 VICE CHAIRMAN ROTELLA: Are there any
4 opposed?

5 THE COMMISSION: (No response)

6 VICE CHAIRMAN ROTELLA: The ayes have it.

7 (MOTION PASSED UNANIMOUSLY)

8 VICE CHAIRMAN ROTELLA: Moving forward to
9 Item E, Review and Approval of Resolution 2010:27, Mr.
10 Chairman.

11 COMMISSIONER SALVADORE: Review and Approval
12 of Resolution 2010:27, Authorization to Award Contract
13 121.00C Field's Point Wastewater Treatment Facility Wind
14 Turbines to an amount, sit tight, \$12,168,511, and CEO

15 recommends approval, Mr. Chairman, Mr. Vice Chairman.

16 VICE CHAIRMAN ROTELLA: Ray, could you give
17 us some background?

18 RAYMOND MARSHALL: I'd be happy to. On
19 July 2nd, we put out an RFQP for a design bill contract
20 asking for a guaranteed maximum price to design and
21 build, so it's a design build contract, up to three wind
22 turbine generators. Also included in the price we
23 wanted a two-year monitoring and maintenance agreement
24 included.
25 So, we allowed proposers to submit up to three design

ALLIED COURT REPORTERS, INC. (401) 946-5500

34

1 solutions. That is, they could submit a one-turbine
2 option, a two-turbine option, a three-turbine option.
3 In one case, one of the proposers submitted three
4 different three-turbine option alternatives for us.

5 On August 11th we received four proposals. They were
6 from Daniel O'Connell's Sons, J. L. Marshall & Sons, J.
7 K. Scanlan Company and Gilbane Building. The proposals
8 were evaluated by an in-house review team comprised of
9 our Construction staff as well as our Policy, Planning &
10 Regulation staff and one outside consultant. There were
11 just dozens and dozens of numbers to evaluate. They
12 came up with a spreadsheet that analyzed what was being

13 proposed. That's included as part of your information.

14 Without going through every number, what it all comes

15 down to is, in the end, what is it going to cost us per

16 kilowatt hour based upon the cost of getting the units

17 up in place? This gets to Commissioner Nathan's

18 question about payback.

19 What was determined was that the most expensive

20 proposal, it would cost us 16.5 cents per kilowatt hour.

21 We now pay about 12.6 to buy it from National Grid and a

22 low of 9.49, so it's called at 9 1/2 cents a kilowatt

23 hour.

24 The lowest price was also the best proposal, and that

25 was by the Gilbane Construction Company, and their

ALLIED COURT REPORTERS, INC. (401) 946-5500

35

1 capital cost was 11.65 million or thereabouts; and they

2 are the 9.5 cents per kilowatt hour number. So, that

3 would save us a little more than 3 cents a kilowatt hour

4 over what we're paying now.

5 The review teams' evaluation, they all evaluated them

6 independently. It was unanimous that Gilbane had the

7 best proposal. All the companies were interviewed, and

8 all of the numbers were rechecked; and questions were

9 asked and answered.

10 During the interview, Gilbane offered us an

11 opportunity to get a more efficient turbine. The one
12 they proposed had 77 meter blades. They've offered us
13 an 82 meter blade unit which is what their manufacturer
14 Vensys is going to. That would generate 11.3 percent
15 more power for an additional cost of \$225,000 and would
16 reduce the cost per kilowatt hour down to 8.68 cents
17 from 9.49 cents, so that's a favorable step for us to
18 take; and we are requesting your concurrence on that.

19 The payback, by the way, is without any type of
20 grants whatsoever. The payback at this cost would be
21 14.2 years, and if we're able to get the grants that
22 we've applied for, we already have a \$750,000 grant.
23 We're pursuing another one. We could get it down to
24 12.4 years would be the payback.

25 One other item that we're asking for your concurrence

ALLIED COURT REPORTERS, INC. (401) 946-5500

36

1 on as part of this Resolution is that a portion of the
2 price is based on the exchange rate of the U.S. dollar
3 to the Euro. We asked for alternatively a fixed price
4 number so it wouldn't float the Euro, and it would add
5 \$290,000 to the price, 290,200. That would still make
6 them the lowest price in addition to being the best
7 proposal.

8 We're not sure that we want to do that, and we have

9 until December 1st to make our decision; so we're asking
10 for your approval to go up to that amount, should we
11 need to, and you would be putting your trust in the
12 Chairman and the Executive Director to make that
13 decision; and I'm sure we'll consult with our financial
14 experts before we actually move in a particular
15 direction.

16 So, the total we're asking for your approval on is
17 \$12,168,511 for three wind turbines that would generate
18 electricity that will reduce the cost from the current
19 12.6 cents down to 8.87 cents per kilowatt hour, once
20 this is all up in place and running.

21 So, that's a significant savings. The staff
22 calculates we'll save about a half a million dollars a
23 year in electric costs as a result.

24 VICE CHAIRMAN ROTELLA: Commissioner Nathan.

25 COMMISSIONER NATHAN: You can take a forward

ALLIED COURT REPORTERS, INC. (401) 946-5500

37

1 contract on that Euro so that you can lock into a number
2 on that.

3 COMMISSIONER BURROUGHS: I'll have to recuse
4 myself from this vote.

5 (COMMISSIONER BURROUGHS RECUSING FROM VOTE)

6 RAYMOND MARSHALL: Jen, could you help with

7 the form, please?

8 VICE CHAIRMAN ROTELLA: Yes, Commissioner.

9 COMMISSIONER CARLINO: This contract is for
10 three turbines?

11 RAYMOND MARSHALL: Yes.

12 COMMISSIONER CARLINO: So, why would the RFP
13 be for giving us the price on one, two and three?

14 RAYMOND MARSHALL: Well, we allowed them to
15 submit three different design solutions. They could do
16 one, two or three. I guess we were trying to see
17 whether there was an economy of scale to buy three as
18 opposed to one. Obviously, there was, but it did not
19 restrict them to do that.

20 One submitter only submitted a three-turbine option.
21 They didn't even bother with the one and two. So, we
22 just wanted to make sure that people had the opportunity
23 to put their best foot forward.

24 COMMISSIONER CARLINO: Thank you.

25 VICE CHAIRMAN ROTELLA: Any other questions?

ALLIED COURT REPORTERS, INC. (401) 946-5500

38

1 THE COMMISSION: (No response)

2 VICE CHAIRMAN ROTELLA: Any other
3 discussion?

4 THE COMMISSION: (No response)

5 VICE CHAIRMAN ROTELLA: Hearing none, all
6 those in favor?

7 THE COMMISSION: Aye.

8 VICE CHAIRMAN ROTELLA: Are there any
9 opposed?

10 THE COMMISSION: (No response)

11 VICE CHAIRMAN ROTELLA: The ayes have it.

12 (MOTION PASSED UNANIMOUSLY)

13 (COMMISSIONER BURROUGHS RECUSED FROM VOTE)

14 VICE CHAIRMAN ROTELLA: Continuing on,
15 Mr. Chairman, Item F, Review and Approval of Resolution
16 2010:28.

17 COMMISSIONER SALVADORE: The last item,
18 Review and Approval of Resolution 2010:28, Authorization
19 to Increase the Authorized Amount for Owner-Controlled
20 Insurance Program for the Phase I Combined Sewer
21 Overflow Facilities in an amount not to exceed
22 \$2,300,000, and CEO recommends approval, Mr. Vice
23 Chairman.

24 VICE CHAIRMAN ROTELLA: Thank you, Mr.
25 Chairman. Ray, could you give us an explanation on this

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 one?

2 RAYMOND MARSHALL: Yes, I will. Back in May

3 of 2001, the Board approved a Resolution Number 2001:15
4 for an Owner-Controlled Insurance Program, and what that
5 was was that for all of the Phase I activity, which of
6 course, is all in place and completed now, we would
7 provide the insurance to all of the contractors for
8 Workers' Compensation, General Liability, Builder Risk
9 and Umbrella policy, and the reason for that was it had
10 been used successfully in other areas of the country by
11 owners as a way of reducing overall costs because
12 otherwise, each individual contractor has to procure
13 those insurances individually; and to have it under one
14 large umbrella was identified as being more cost
15 effective.

16 We were also concerned that because of the size of
17 some of the projects that some contractors would not be
18 able to get the insurance that they needed to
19 effectively compete for the work, and we wanted to make
20 sure that the Narragansett Bay Commission, due to the
21 nature and complexity of the work, that we had a large
22 enough general liability policy; and it was around \$200
23 million, if I remember correctly, and there's probably
24 not a single contractor out there that can obtain that
25 type of liability insurance.

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 So, the estimate that the \$15 million of OCIP that
2 was originally identified was based on a 70-month
3 construction period and an expected construction table
4 of \$61.25 million.

5 When all is said and done, the actual construction
6 period was 87 months, which included an additional 12
7 months on top of the 70 for a different site condition
8 change order that was also approved by DEM and EPA and a
9 5 month period where there was a wrap-up of
10 demobilization, site cleanup, and punch list items.
11 There were still people working on those contracts even
12 though the facilities were available for our use and we
13 were using them, they were still doing work, and the
14 insurance still covered the workers at that time.

15 So, Liberty Mutual, who was the insurance carrier on
16 this, came in and did a final payroll audit on all of
17 the contracts, all of the contractors that worked on
18 Phase I, and they identified a final payroll number of
19 \$70,613,438, which of course, is more than what we
20 estimated 10 years earlier, 61.25.

21 And because most of the cost of the insurance is
22 related to the Workers' Comp component of the package,
23 that resulted in a 15 percent, 15.3 percent increase in
24 the premium from 15 million to 17.3 million, but that
25 correlates exactly with the increase in payroll to what

1 we estimated back in early 2001 and the final audited
2 number years later in early 2010.

3 So, the point being that they held this same rate; I
4 think it's 11 cents per dollar of labor that we spent.
5 It's just that more labor was spent to get the work
6 done, and so what they're asking for is something that
7 we're contractually obligated to pay and is reasonable,
8 considering everything that was involved in completing
9 Phase I of that master program.

10 So, I'll take any questions, if you have them. Joe
11 Pratt's also here, available to help me answer questions
12 because he helped me to manage this particular item.

13 VICE CHAIRMAN ROTELLA: Question? Yes.

14 COMMISSIONER FARNUM: Does this hit our
15 bottom line in a single year coming in after the fact,
16 or were there reserves?

17 RAYMOND MARSHALL: No. This came out of
18 capital as opposed to our operating budget.

19 VICE CHAIRMAN ROTELLA: Any other questions?

20 THE COMMISSION: (No response)

21 VICE CHAIRMAN ROTELLA: Any other
22 discussion?

23 THE COMMISSION: (No response)

24 VICE CHAIRMAN ROTELLA: Hearing none, all
25 those in favor of Resolution 2010:28 please say aye.

1 THE COMMISSION: Aye.

2 VICE CHAIRMAN ROTELLA: Are there any
3 opposed?

4 THE COMMISSION: (No response)

5 VICE CHAIRMAN ROTELLA: Resolution carries.

6 (MOTION PASSED UNANIMOUSLY)

7 VICE CHAIRMAN ROTELLA: Is there anything
8 else for your committee, Mr. Chairman?

9 COMMISSIONER SALVADORE: That concludes our
10 report for September 22nd, Mr. Vice Chairman.

11 VICE CHAIRMAN ROTELLA: Okay. Moving on to
12 Finance Committee.

13 RAYMOND MARSHALL: Well, Commissioner
14 Andrade isn't here, so Chairman Mesolella was the one
15 who actually ran that; but if you'd like, I could handle
16 it for you.

17 VICE CHAIRMAN ROTELLA: For the purposes of
18 moving forward, why don't we do that.

19 RAYMOND MARSHALL: Okay. Karen had reviewed
20 the monthly finance statements for August for us. They
21 are contained in your package or on the website along
22 with July and June, and it suffices to say that
23 everything so far to date in this fiscal year is going

24 well. We are spending just under budget.

25 There were no purchase requisitions that required

ALLIED COURT REPORTERS, INC. (401) 946-5500

43

1 approval. Any purchase requisitions that you'll see on
2 the site are all under \$50,000, and for part of the
3 budget, which was approved in June so it doesn't require
4 any additional approval, and there were no personnel
5 actions that required any action by the Finance
6 Committee.

7 So, therefore, the first item to come before you is
8 Resolution 2010:29, Authorization to Approve and Accept
9 the Comprehensive Annual Financial Report Fiscal Year
10 2010, and we have Pat Boucher here who is the outside
11 auditor from Bacon & Company who will make a
12 presentation to you in that regard.

13 (CHAIRMAN MESOLELLA IS NOW PRESENT)

14 CHAIRMAN MESOLELLA: Sorry. Thank you, Ray.

15 Hi, Pat. Welcome back. Proceed.

16 MS. BOUCHER: I met with the Finance
17 Committee earlier and gave some general highlights. I
18 have an abbreviated version of that presentation for the
19 full Board.

20 We have a draft of the Audited Financial Statement.

21 Page 11 is our Independent Auditors' Report, which is an

22 unqualified opinion which means the financial statements
23 as presented are in conformance with Generally Accepted
24 Accounting Principals or a clean opinion which you hope
25 to achieve.

ALLIED COURT REPORTERS, INC. (401) 946-5500

44

1 Pages 20 through 24 are your basic financial
2 statements, and I'll give some highlights on those
3 statements. Page 20 and 21 are your Statement of Net
4 Assets. The bottom of Page 20 shows your total assets
5 as of 6/30/10, approximately \$751 million in your total
6 assets.

7 Page 21 reports your Liabilities and Resulting Net
8 Assets. Your net assets at the end of the year were
9 328 million. Of that, 264 million is your investment
10 and capital assets net of any related debt associated
11 with that capital, 146 million in restricted assets, and
12 then 63 million in your unrestricted net assets at the
13 end of the year. So, that's your statement of assets,
14 liability and net assets.

15 Page 22 is your Statement of Revenues and Expenses
16 and overall change for the year. You had an overall
17 positive increase in your net assets of \$23 million for
18 the year, and of that 23 million, approximately 4.9 is
19 contributing capital, capital contributions, which is

20 your principal forgiveness on the ARRA portion of the
21 Loan 12 with SRF that was issued.
22 Page 51 through 53 of the Audited Financial
23 Statements, those are your scheduled operating expenses
24 on a budgetary basis. Overall, each major category had
25 a positive variance in the budget, and Operating

ALLIED COURT REPORTERS, INC. (401) 946-5500

45

1 Expenses were positive to budget, 2.8 million, and
2 overall, all expenses were positive, \$9 million.
3 Page 73 is our Auditors' Report on Internal Control
4 and Compliance which is required under Government
5 Auditing Standards, so it's an additional report that
6 we're required to issue.
7 We reported no deficiencies, significant deficiencies
8 or material weaknesses in internal control and had no
9 instances of non-compliance that we're required to
10 report as a result of our tests.
11 Some other general comments, there was no Management
12 Letter issued as a result of our audit provided or
13 conducted for the current year audit, and because you
14 are a state component unit, this report is also required
15 to be previewed and approved by the Auditor General's
16 Office; and it has been, and you're all set there. So,
17 that's my quick review. Any questions?

18 CHAIRMAN MESOLELLA: Having heard the
19 explanation of the Auditors' Report, do any of our
20 members have any questions with regard to the Auditors'
21 Report?

22 THE COMMISSION: (No response)

23 CHAIRMAN MESOLELLA: Just for the record, we
24 talked about this during the Finance Committee, I'd like
25 to talk briefly about the issue of Management Letters,

ALLIED COURT REPORTERS, INC. (401) 946-5500

46

1 this is more for the public because I think there's a
2 lot of misconception about the lack of a Management
3 Letter and what that represents, and so I had asked Pat
4 to talk a little bit about the implications of not
5 having a Management Letter attached to an Audit Report;
6 and she can tell you for herself.

7 With regard to the Management Letter, I believe you
8 explained to us that it was rare that there are agencies
9 that do not have a Management Letter, and I'd like you
10 to just maybe expand on that, Pat.

11 MS. BOUCHER: Sure. As part of our Audit of
12 the Financial Statements as a by-product of doing our
13 audit procedures if it's a material weakness or
14 significant deficiency, it would be reported as part of
15 that Internal Control Report on Page 73.

16 Over and above that, if there are areas of
17 improvement or efficiencies or immaterial weaknesses in
18 internal control that would be generated in the
19 Management Letter. The Management Letter, as you said,
20 it's rare that you do not have one because usually there
21 are always areas for improvement.

22 Based on the work we did and the scope of our audit,
23 I did not come across anything that would raise to a
24 level that would go into a Management Letter that I felt
25 that would be required to be reported.

ALLIED COURT REPORTERS, INC. (401) 946-5500

47

1 Again, it is rare not to have a Management Letter,
2 but you do have good systems in place system; and I
3 really, based on the test work we did, I really didn't
4 have any comments that I felt would warrant the
5 Management Letter.

6 CHAIRMAN MESOLELLA: Pat, can you talk a
7 little about how we compare with other public agencies
8 in terms of that.

9 MS. BOUCHER: Sure. Like I said, I
10 primarily concentrate in the Government audit area, and
11 for the most part, the majority of the clients that I
12 service do have Management Letters; and they have
13 material weaknesses and significant deficiencies as

14 well.

15 So, the Management Letters usually are areas for
16 improvement to expand upon those material weaknesses and
17 significant deficiencies. You have none of these areas,
18 so I would say that that's the reason you don't have a
19 Management Letter, too, is because you don't have any
20 material weaknesses; and you've always corrected
21 previous Management Letters.

22 We've been doing the audit now, this is the fourth
23 year. I know going back when we did the audit several
24 years ago, and we did have Management Letter comments,
25 and those were implemented, so that's the goal.

ALLIED COURT REPORTERS, INC. (401) 946-5500

48

1 But I think internally, you guys really do a good job
2 and are trying to make things better all the time. So,
3 that's another reason why I think you don't have a
4 Management Letter. That's my opinion.

5 CHAIRMAN MESOLELLA: Thank you. Any
6 questions regarding the Auditors' Report? Any questions
7 from our Commissioners?

8 THE COMMISSION: (No response)

9 CHAIRMAN MESOLELLA: Before I take a motion
10 to accept the Auditors' Report, I'd like to thank Leah
11 Foster and Cheryl Pescarino and Robin Simoes for all the

12 hard work they did with regard to assisting in the
13 preparation of this report. Thank you very much.
14 Having said that, do we have a motion to accept the
15 Auditors' Report?

16 COMMISSIONER BROWN: Motion.

17 COMMISSIONER KIMBALL: Second.

18 CHAIRMAN MESOLELLA: Commissioner Brown,
19 Commissioner Kimball, seconded by Commissioner Kimball.

20 Discussion on the Auditors' Report?

21 THE COMMISSION: (No response)

22 CHAIRMAN MESOLELLA: Hearing none, all of
23 those that are in favor of acceptance to the Auditors'
24 Report of 2010 will say aye.

25 THE COMMISSION: Aye.

ALLIED COURT REPORTERS, INC. (401) 946-5500

49

1 CHAIRMAN MESOLELLA: Are there any opposed?

2 THE COMMISSION: (No response)

3 CHAIRMAN MESOLELLA: There are none opposed,
4 and that motion carries.

5 (MOTION PASSED UNANIMOUSLY)

6 CHAIRMAN MESOLELLA: Thank you very much,
7 Pat. I appreciate it. Moving right along to Item B,
8 Review and Approval of Resolution 2010:30, Authorization
9 of Narragansett Bay Commission to borrow not in excess

10 of \$30 million from the Rhode Island Clean Water Finance
11 Agency.

12 Standard resolution, this \$30 million will go to
13 support the capital programs and construction efforts of
14 the Narragansett Bay Commission. The Chair will accept
15 a motion to approve Resolution 2010:30.

16 COMMISSIONER NATHAN: Motion.

17 CHAIRMAN MESOLELLA: Alan Nathan moves to
18 approve. Motion to approve. Seconded by...

19 COMMISSIONER SALVADORE: Second.

20 COMMISSIONER FARNUM: Second.

21 CHAIRMAN MESOLELLA: Commissioner Salvadore,
22 Commissioner Farnum. Discussion on Resolution 2010:30?

23 COMMISSIONER BROWN: Would you leave some
24 for the rest of us?

25 RAYMOND MARSHALL: We would rather not,

ALLIED COURT REPORTERS, INC. (401) 946-5500

50

1 Commissioner.

2 CHAIRMAN MESOLELLA: I beg your pardon?

3 RAYMOND MARSHALL: He said, will you leave
4 some for the rest of us?

5 CHAIRMAN MESOLELLA: Well, we'd like to get
6 more, but we're going to cut a slice off for East
7 Providence. Karen.

8 MS. GIEBINK: I just wanted to point out
9 that in order for us to execute borrowing, rate relief
10 would be required. That was in the memo.

11 CHAIRMAN MESOLELLA: Thank you, Karen. All
12 of those that are in favor will say aye.

13 THE COMMISSION: Aye.

14 CHAIRMAN MESOLELLA: Are there any opposed?

15 THE COMMISSION: (No response)

16 CHAIRMAN MESOLELLA: There are none opposed,
17 and that motion carries.

18 (MOTION PASSED UNANIMOUSLY)

19 CHAIRMAN MESOLELLA: The next order of
20 business is Item C, Review and Approval of Resolution
21 2010:31 which is Authorization to File for Rate Relief
22 with the Rhode Island Public Utilities Commission.

23 You know, I think it would be prudent to talk a
24 little bit about that, Karen, about that process, and
25 what it means to our ratepayers. So, would you mind?

ALLIED COURT REPORTERS, INC. (401) 946-5500

51

1 MS. GIEBINK: Sure. I did have a handout
2 that I went over with the Finance Committee. Do you
3 want me to go through that quickly?

4 CHAIRMAN MESOLELLA: Yes. I'd like an
5 explanation of this handout, which I think everyone has.

6 MS. GIEBINK: I'll pass them down for those
7 who don't have it. At the end of each fiscal year and
8 really as part of the budget process, we kind of go
9 through the assessment of our upcoming needs with
10 operating capital. We also take a look at rate base,
11 and we brought to the attention of the -- can you hear
12 me now?

13 CHAIRMAN MESOLELLA: If you could put that
14 mic closer, that would be great.

15 MS. GIEBINK: All right. I believe that we
16 also mentioned to the Finance Committee that we still
17 were experiencing ongoing issues with consumption and
18 revenue shortfalls. Based upon our ongoing analysis,
19 what we had determined was that there would be a need to
20 file for general rate relief this fall. The PUC now has
21 a 9-month review process. It used to be 7 months, and
22 they have lengthened that again to 9 months. So, we
23 have to give it to them kind of early in the fiscal
24 year.

25 Based upon the preliminary figures, it looks as

ALLIED COURT REPORTERS, INC. (401) 946-5500

52

1 though we would need a rate increase in the neighborhood
2 of 13.7 percent, and those numbers will be finalized
3 over the next week or so.

4 Really, if you look at the rate increase composition,
5 which is the pie chart, you can see that over half of
6 the need for the rate increase really is a result of the
7 continued decline in consumption and the need to adjust
8 our revenue rate base.

9 The 5.2 percent of the rate increase is for debt
10 service and only 1.7 percent is actually for increased
11 operation cost, and that's out in the Fiscal Year 2012,
12 and our rate year is actually from Fiscal Year 2010 from
13 an operations standpoint.

14 Really, the table below shows that although the PUC
15 has continued to approve increases in our user fee
16 level, we're up to 74 million in 2010, the actual user
17 fees that we bill on a GAAP basis for financial
18 statement reporting basis is significantly lower, and
19 we, in fact, have billed between 3 ½ million and 4.8
20 million less than we have been allowed to bill each of
21 the last four fiscal years.

22 It's interesting to note, though, that from a cash
23 perspective, user fee cash receipts in Fiscal Year 2010,
24 we actually collected more than we were allowed to bill,
25 and that's when we converted to monthly billing, and

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 there was a one-time cash increase. Overall, from a

2 cash perspective, is doing very well. You can see from
3 the chart down below that from a cash perspective, our
4 cash balances actually have improved.

5 If you turn the page over, I think what the Chairman
6 was referring to is the decline in consumption. You can
7 see that and we continue to see a decline in the
8 billable consumption. In Fiscal Year 2008, we billed
9 approximately 16.2 million. The Fiscal Year 2012, we're
10 projecting 13.1 million cubic feet. You can see it
11 continues to decline. We have seen a slight uptake in
12 the last couple of months, but we're not overly
13 optimistic.

14 Overall, if you look at the historical need for a
15 rate increase, the greenish bars represent debt service
16 you can see most of our rate increases have been for
17 debt. The blue bars represent the rate base adjustment,
18 so we've had to make adjustments in our rate base in
19 Fiscal Year 2008, 2009, 2010; and again, we will have to
20 also in 2012; and the increase in operating costs really
21 count for a very small percent of the overall increase.

22 So, really what we're trying to do with this filing
23 is to recover through an adjustment to the rate base
24 revenues that we should be billing, but we haven't been
25 able to bill of the decline in consumption that accounts

ALLIED COURT REPORTERS, INC. (401) 946-5500

1 for about half of what we're looking for.
2 The balance is for debt service which takes into
3 consideration borrowing up through FY 2012 at least the
4 debt service associated with those borrowings and the
5 remaining portion is really for personnel services. Our
6 operations and maintenance costs are actually level, but
7 personnel costs, we are seeing a slight increase related
8 to the number of positions we need to run the facilities
9 as well as health insurance, and union pension benefits.

10 CHAIRMAN MESOLELLA: Thank you, Karen. Are
11 there any questions for Karen with regard to Resolution
12 2010:31 and the Authorization to File for Rate Relief?

13 THE COMMISSION: (No response)

14 CHAIRMAN MESOLELLA: We talked a little bit
15 about it. I actually talked extensively about it in the
16 Finance Committee meeting. A lot of questions arose
17 with regard to the consumption issue.

18 Commissioner Thompson raised the issue of, how do we
19 resolve the matter of declining consumption, and I
20 related to him that later in the year we'll be talking
21 about a plan or a prospective plan for expansion of our
22 system.

23 We talked a little bit about the fact that we're
24 going to be entering into an agreement, or maybe we
25 already have with Resource Recovery. It's, basically, a

1 windfall for Narragansett Bay Commission, and our
2 general expectation is that we're going to be able to
3 expand our system, and hopefully, recover some of the
4 consumption that we've lost through the years when the
5 economy picks up.

6 But I think it's appropriate to mention that, as
7 Karen already did, that our operating costs remain
8 stable, except for these costs which are beyond our
9 control.

10 So, I think coming from a public perception
11 standpoint, we can point to the fact that these rate
12 increases are not due to runaway operating expenses but
13 due to those circumstances which are beyond our control.

14 So, having said that, can I have a motion to approve
15 Resolution 2010:31 is in order.

16 COMMISSIONER FARNUM: Motion.

17 COMMISSIONER SALVADORE: Second.

18 COMMISSIONER BROWN: Second.

19 CHAIRMAN MESOLELLA: Commissioner Farnum
20 moves approval, seconded by Commissioner Salvatore and
21 Commissioner Brown. Discussion on the matter.

22 THE COMMISSION: (No response)

23 CHAIRMAN MESOLELLA: Further discussion.

24 THE COMMISSION: (No response)

25 CHAIRMAN MESOLELLA: Hearing none, all of

ALLIED COURT REPORTERS, INC. (401) 946-5500

56

1 those that are in favor will say aye.

2 THE COMMISSION: Aye.

3 CHAIRMAN MESOLELLA: Are there any opposed?

4 THE COMMISSION: (No response)

5 CHAIRMAN MESOLELLA: There are none opposed,

6 and the motion carries.

7 (MOTION PASSED UNANIMOUSLY)

8 CHAIRMAN MESOLELLA: That concludes the

9 business of the Finance Committee today. The next order

10 of business from the committee reporting is Personnel.

11 COMMISSIONER CAMPBELL: Nothing to report.

12 CHAIRMAN MESOLELLA: No report. Rules and

13 Regulations.

14 RAYMOND MARSHALL: There's no report.

15 CHAIRMAN MESOLELLA: There's no report.

16 Long Range Planning.

17 COMMISSIONER THOMPSON: No report.

18 CHAIRMAN MESOLELLA: No report today.

19 Citizens Advisory Group, Harold.

20 MR. GADON: Yes, Mr. Chairman, thank you.

21 Short report. Meeting was held September 15th with a

22 quorum present to start the fall season. Jamie gave

23 reports on the past two months with questions on some of
24 the readings during the summer.
25 Phil Holmes, our veteran shellfisherman, showed a

ALLIED COURT REPORTERS, INC. (401) 946-5500

57

1 public enhancement DVD on a clam seeding program the
2 Shellfishermen Association had conducted with volunteer
3 labor and a grant from Senator Reed and NBC for
4 recreational shellfishermen. The program was
5 successful, and the Shellfisherman's Association are
6 continuing expanding for the next season.

7 Howard Schacter and myself continued being elected as
8 the Secretary and Chair. Howard Schacter generously
9 continued being generous as he distributed his
10 innovative water filter bottles.

11 It was announced that Save The Bay has scheduled a
12 grand event on October 1st at the Squantum Club. Our
13 next meeting is scheduled on October 27th, and we thank
14 you, Mr. Chairman, in seeing you --

15 CHAIRMAN MESOLELLA: Thank you very much,
16 Harold. The Executive Committee has no report. Ad Hoc
17 Committee on Compensation I don't believe has a report,
18 nor the, Chairman DiChiro, no report from the Ethics
19 Committee?

20 COMMISSIONER DiCHIRO: No report, Mr.

21 Chairman.

22 CHAIRMAN MESOLELLA: The Chairman's Report.

23 First of all, I hope everyone had a great summer. The

24 weather was great. There's been a lot of activity over

25 the last couple of months. You all noticed the progress

ALLIED COURT REPORTERS, INC. (401) 946-5500

58

1 on the Operations building. It's coming along well.

2 We've heard Laurie talk about the fact that there's a

3 ribbon cutting for the dog pound which means, of course,

4 the 14-year quest, maybe a 16-year quest to actually get

5 the dog pound moved and open up, take that building down

6 and make it part of our campus is soon to be over,

7 another week. I'm thrilled to death. More than

8 anything else, I'm so thrilled to death it's coming

9 down.

10 We have a pretty aggressive couple of months coming

11 up. We're going to begin the design process, and the

12 Board agreed, allowed us to go forward with the design

13 on the new lab building. We would like to be talking

14 about, we have been talking about in-house about just

15 the issue that Commissioner Thompson raised earlier,

16 which is how are we going to expand our system to make

17 up for some of the losses of the consumption that we've

18 been experiencing? So, beyond that, the Chairman has no

19 report, nothing further to report. Item 7 is New

20 Business. Is there any new business?

21 THE COMMISSION: (No response)

22 CHAIRMAN MESOLELLA: There's no new business

23 to come before the Commission. I know it's been a long

24 meeting, but at this point, we do have a matter that we

25 really would like to discuss with the Commission. The

ALLIED COURT REPORTERS, INC. (401) 946-5500

59

1 Chairman recommends that we move into Executive Session.

2 Commissioner Rotella.

3 VICE CHAIRMAN ROTELLA: Yes, I'd like to

4 make a motion to move into Executive Session pursuant to

5 42-46-5(a) 5 and 7 to discuss various aspects of a

6 potential real estate and acquisition and NBC's

7 interests regarding the same.

8 CHAIRMAN MESOLELLA: We have a motion to go

9 into Executive Session.

10 COMMISSIONER KIMBALL: Second.

11 COMMISSIONER CARLINO: Second.

12 CHAIRMAN MESOLELLA: Second Commissioner

13 Kimball and Commissioner Carlino. All of those that are

14 in favor to go into Executive Session will say aye.

15 THE COMMISSION: Aye.

16 CHAIRMAN MESOLELLA: Any opposed?

17 THE COMMISSION: (No response)

18 CHAIRMAN MESOLELLA: There are none opposed,
19 and that motion carries.

20 (MOTION PASSED UNANIMOUSLY)

21 CHAIRMAN MESOLELLA: At this point, I would
22 just ask the members of the public to please excuse the
23 Commission while they go into Executive session. Thank
24 you very much.

25 (COMMISSIONERS IN EXECUTIVE SESSION)

ALLIED COURT REPORTERS, INC. (401) 946-5500

60

1 (RECONVENE BOARD MEETING AT 12:40 P.M.)

2 VICE CHAIRMAN ROTELLA: Motion to seal the
3 minutes of the Executive Session.

4 COMMISSIONER DiCHIRO: Second.

5 COMMISSIONER BROWN: Second.

6 CHAIRMAN MESOLELLA: We have a motion to
7 seal the minutes of the Executive Session, seconded by
8 Commissioner DiChiro and Commissioner Brown. All of
9 those in favor of sealing the minutes will say aye.

10 THE COMMISSION: Aye.

11 CHAIRMAN MESOLELLA: Any opposed?

12 THE COMMISSION: (No response)

13 CHAIRMAN MESOLELLA: There are none opposed,
14 and the motion carries. The minutes are sealed.

15 VICE CHAIRMAN ROTELLA: Motion to adjourn.
16 CHAIRMAN MESOLELLA: We have a motion to
17 adjourn.
18 COMMISSIONER SALVADORE: So moved.
19 CHAIRMAN MESOLELLA: Second?
20 COMMISSIONER KIMBALL: Second.
21 CHAIRMAN MESOLELLA: Commissioner Kimball
22 seconds the motion to adjourn. All in favor say aye.
23 THE COMMISSION: Aye.
24 CHAIRMAN MESOLELLA: Any opposed?
25 THE COMMISSION: (No response)

ALLIED COURT REPORTERS, INC. (401) 946-5500

61

1 CHAIRMAN MESOLELLA: None opposed, the
2 motion carries.
3 (MOTION PASSED UNANIMOUSLY)
4 CHAIRMAN MESOLELLA: We are adjourned.
5 (MONTHLY BOARD MEETING CLOSED AT 12:42 P.M.)
6
7
8
9
10
11
12

13
14
15
16
17
18
19
20
21
22
23
24
25

ALLIED COURT REPORTERS, INC. (401) 946-5500

62

1 C E R T I F I C A T E

2

3

4 I, Heather Marie Finger, do hereby certify
5 that the foregoing is a true, accurate, and complete
6 transcript of my notes taken at the above-entitled
7 hearing.

8 IN WITNESS WHEREOF, I hereunto set my hand
9 this 30th day of September 2010.

10

10

11

12

HEATHER MARIE FINGER, CSR, NOTARY PUBLIC
MY COMMISSION EXPIRES 4/02/12

14

15

16

17

18

19

20

21

22

23 DATE: September 22, 2010

24 IN RE: Monthly Board Meeting of the Commission

25 HEARING OF: Narragansett Bay Commission

ALLIED COURT REPORTERS, INC. (401) 946-5500