

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

2 NARRAGANSETT BAY COMMISSION

3

4 IN RE: NBC MONTHLY BOARD MEETING

5

6 DATE: January 14, 2014

TIME: 11:00 A.M.

7 PLACE: Narragansett Bay Commission

Corporate Office Building

8 One Service Road

Providence, RI 02905

9

10

11

12 COMMISSIONERS:

13 Vincent Mesolella, Chairman

Raymond Marshall, Executive Director

14 Robert Andrade

Joseph Kimball

15 Bruce Campbell

Richard Worrell

16 Mario Carlino

Joan Milas

17 John MacQueen

Al Montanari

18 Paul E. Lemont

Seth Handy

19 Alan Nathan

20 Jonathan Farnum

Leo Thompson

21

22

23

24

1 OTHER ATTENDEES:

- 2 Karen Giebink, NBC
- Thomas Uva, NBC
- 3 Paul Nordstrom, NBC
- Jennifer Harrington, NBC
- 4 Laurie Horridge, NBC
- Harold Gadon, CAC
- 5 Linda George, Senate Policy
- Ames Colt, RI Bays, Rivers & Watershed Coord. Team
- 6 Joe Pratt, Louis Berger Group
- Rich Bernier, NBC
- 7 Jamie Samons, NBC
- Joanne Maceroni, NBC
- 8 Mark Thomas, NBC
- Deborah Samson, NBC
- 9 Leah Foster, NBC
- Patrick Collins, HV Collins Co.
- 10 Karen Musumeci, NBC
- Jean Lynch, CRC

11

12

13

14

15

16

17

18

19

20

21

22

23

24

1 (The hearing commenced at 11:07 a.m.)

2 CHAIRMAN MESOLELLA: Good morning,
3 everyone. Thank you everyone for coming today,
4 especially in light of the fact it's a very, very
5 short meeting. So I appreciate all of you coming
6 in this morning.

7 So we will call a meeting of the
8 monthly Board of Narragansett Bay Commission in
9 order at 11:07, recognizing the quorum, of course.
10 The first order of business would be the approval
11 of the December 10th, 2013 meeting. We have a
12 motion.

13 MR. FARNUM: Second.

14 CHAIRMAN MESOLELLA: And a second. And
15 I assume everyone had an opportunity to review the
16 minutes. Are there any comments or questions or
17 corrections regarding the previous minutes?

18 Hearing none, all of those in favor of
19 approval of the previous minutes will say aye.

20 (All say "aye.")

21 CHAIRMAN MESOLELLA: Are there any
22 opposed?

23 There are none opposed, and that motion
24 carries. Thank you very much.

25 Next order of business, then, the old

4

1 business. Do any of our commissioners have any
2 old business to bring to the board's attention
3 this morning? Old business.

4 Okay. Hearing none, we will move along
5 to title number four, which is the executive
6 director's report. Do you have a report for us,
7 Mr. Secretary?

8 MR. MARSHALL: There is one posted on
9 the commissioner's web site, but I'm not going to
10 go through anything, in the interest of getting
11 out at the 11:30 time we designated. So I'll
12 pass. If anyone has questions, I'll be happy to
13 answer any questions.

14 CHAIRMAN MESOLELLA: Do any of our
15 members have any questions of the general interest
16 of the executive director, pursuant to the
17 projects or general business? Anyone?

18 Okay. Next order of business then
19 would be the committee reports and action items
20 resulting first commission, first committee
21 reporting would be the CEO Committee.
22 Mr. MacQueen, do you have a report for us today?

23 MR. MACQUEEN: We have two items for
24 action, review and approve resolution 201401, and

25 review approved resolution 204201 and 102, both

5

1 approved by the board.

2 CHAIRMAN MESOLELLA: Okay. So
3 resolution 201401, its award of contract 119OOC
4 with the regulatory compliance building. In your
5 packet is a memo from the staff.

6 Ray, would you care to review the memo
7 in that detail.

8 MR. MARSHALL: I would be happy to. On
9 December 19th we accepted a -- well, 11 bids were
10 submitted on the new regulatory compliance
11 building, also known as the lab building. And of
12 the 11 bids, four of them were immediately
13 declared nonresponsive, because there's a state
14 law in place now that requires when you submit
15 your bid to the owner, which would be us, you also
16 have to supply a second bid that's immediately
17 available for public review. And four of the
18 contractors in there listed in the memo did not do
19 that. So that disqualified them from any further
20 consideration.

21 As a matter of fact, because they had
22 not submitted that second copy, their bid amounts
23 were not even read at the bid opening. They are
24 posted for you here in the memo, and they will

25 become public record upon your action of this

6

1 item.

2 But of the seven that were -- that we
3 were able to accept, the low bidder on the day of
4 the bid opening was Gilbane Building Company.
5 Several days later on December 31st, they asked to
6 come in and meet with the director of construction
7 services, Rich Bernier.

8 And they explained, in going over their
9 bid, they made a \$1.1 million math error in their
10 bid, and they requested that, if they weren't
11 allowed to adjust their bid, that they requested
12 that they be able to withdraw the bid.

13 And it had to do with when they came up
14 with a price for one particular item of the work,
15 which is the cabinetry work, which is all the
16 drawers and countertops and everything else that
17 you have in a laboratory, that they entered it
18 onto the spreadsheet incorrectly. The decimal
19 point was off. And that resulted in that error.

20 From the documentation that we looked
21 at, or the staff looked at, we confirmed that that
22 was in fact the case. And so we went back and --
23 we told them we would take it under advisement.

24 We looked at four different options.

25 The first would be to compel Gilbane to accept to

7

1 perform the job for his \$17.075 bid. We don't
2 think that that is productive at all, to start off
3 with the project knowing that there's a problem
4 right away, and that's just not a good way to
5 begin a project this big and this important.

6 The next that could potentially be done
7 would be allow them to adjust the bid upward. We
8 don't believe it has any merit. Historically, we
9 never allowed that to happen. And if that was the
10 way we were inclined to go, it inherently results
11 in the appearance of impropriety.

12 The third would be to reject the bid
13 and award to the next lowest, responsive and
14 responsible bidder, and the fourth was to reject
15 all bids and rebid the project.

16 So what we eventually did, we
17 determined or we are recommending that the best is
18 option three, where we reject Gilbane's bid and we
19 go to the next lowest, responsive and responsible
20 bidder, who in the list is Calson Construction
21 Corporation. They are out of Johnston, Rhode
22 Island.

23 Because Bacon Construction, who bid
24 17.7 million, was not responsive. They did not

25 comply with state law 37-2-18, which should have

8

1 been just a simple open the bid and take the

2 lowest, certainly didn't turn out that way.

3 There's a few twists and turns in this

4 situation, but we believe that the right thing to

5 do is award the bid to Calson, \$17,995,000. We

6 believe that that price accurately represents the

7 current market conditions and the cost of this

8 job. If you get the listing of all the bid

9 prices, you can see they are tightly clustered in

10 around \$18 million and slightly above. There are

11 a few outliers, but generally very tight bidding,

12 which is a good indication that that is what the

13 job is worth.

14 Calson did submit an NBE plan that will

15 need to be approved by the Department of

16 Administration for the State of Rhode Island, but

17 it's a pretty robust plan. So that was good to

18 see. They can supply the necessary bonds and

19 insurance for the project.

20 So based on all those factors, we ask

21 for your approval of resolution 201401 and award

22 the regulatory compliance building construction to

23 Calson Construction Corporation of Johnston, Rhode

24 Island.

25 I'll be happy to answer any of your

9

1 questions.

2 CHAIRMAN MESOLELLA: Before you go on,
3 we do have a motion to approve resolution 201401,
4 correct? Do we have a second?

5 MR. MONTANARI: I do.

6 CHAIRMAN MESOLELLA: We have a second
7 from Commissioner Montanari and Commissioner
8 Nathan. Okay. Questions.

9 MR. CARLINO: The only reason why Bacon
10 didn't get it is because they didn't submit two
11 copies? By law they were to provide two copies?

12 CHAIRMAN MESOLELLA: Correct.

13 MR. CARLINO: Last question, Calson
14 Construction, have they ever done work for us? I
15 never heard of them. So I was just --

16 MR. MARSHALL: That was exactly the
17 question one of the other commissioners asked.

18 MR. CARLINO: That's why we sit next to
19 each other.

20 MR. MARSHALL: They have not done any
21 work for us. They gave us a list of projects they
22 have done in the area, and we got a really good
23 recommendation from the town of North Providence.
24 Calson had done two middle schools for the town of

25 North Providence, and they really liked the work

10

1 they did, and they said they were good to work

2 with.

3 MR. CAMPBELL: What is the time frame
4 on this project?

5 MR. MARSHALL: The time of
6 completion -- how many days is it? 600 days.
7 That's about a year and a half or so. So it will
8 start sometime in the spring and hopefully by the
9 fall of 2015.

10 CHAIRMAN MESOLELLA: Commissioner
11 Thompson.

12 MR. THOMPSON: Seems like it was an
13 \$18 million project. What did we estimate it at
14 originally? Because we have been 20 percent or so
15 ahead of actual bids.

16 MR. MARSHALL: Right. I don't remember
17 what the engineer's -- the most recent engineer's
18 estimate is.

19 MR. BERNIER: Originally it was in
20 the \$18 million range. We did a lot of changes.
21 We never got a final last-minute estimate update.
22 Overall, was an \$18 million.

23 CHAIRMAN MESOLELLA: It was always an
24 \$18 million project. We talked about it, and

25 there was a lot of -- as Rich said, there was a

11

1 lot of changes and a lot of discussion during the
2 design process. But I mean, I think the numbers
3 came in pretty close to what we estimated.

4 So further discussion? Further
5 discussion?

6 Hearing none in such case, all those in
7 favor say aye.

8 (All say "aye.")

9 CHAIRMAN MESOLELLA: Are there any
10 opposed?

11 There are none, and the motion carries,
12 except to say that there was a question about the
13 future of the building that the laboratory is in
14 now. And I don't think we have anything concrete
15 to discuss for its future. There have been a
16 number of different things discussed, but as we
17 get closer to moving this project along, we'll
18 advise the board on what our thinking is, the use
19 of the current laboratory.

20 Commissioner MacQueen, a further
21 report.

22 MR. MACQUEEN: Just review and
23 resolution 201402.

24 CHAIRMAN MESOLELLA: Okay. Approval of

25 resolution 201402, which is the change order

12

1 request. We have a motion to approve, I think it
2 was seconded by Commissioner Montanari.
3 Mr. Secretary, would you care to give the board an
4 explanation of the change order?

5 MR. MARSHALL: I will. This project is
6 the project that the John Rocchio Corporation did
7 on the east side of Providence in the vicinity of
8 Hope Street. It was originally awarded to him in
9 June of 2011 for a \$6.58 million. Sewer
10 separation, very involved project, many
11 complicating factors.

12 We have been back to you on two prior
13 occasions, one in March of 2012 and once in June
14 of 2012, for increases of the first was associated
15 with soils and utilities issues for \$900,000. And
16 in June 2012 it was for rock quantities and paving
17 issues. That was \$1.4 million.

18 The project is now 100 percent
19 complete. Costs have all been sorted out and
20 finalized. There were quite a few outstanding
21 change order requests that the Rocchio Corporation
22 had never really gotten fully documented, although
23 they had put us on notice about them. We had them
24 in the log, and we are tracking them, but it took

25 him a while to pull all his paperwork together.

13

1 And so we went through all of those
2 change orders with him, or a member of our staff
3 did, and we also looked at the -- we did a
4 balancing change order, which has to do with
5 quantities that are part of the bid that don't end
6 up being used.

7 So there might have been a quantity for
8 a certain type of pipe that there might be, as an
9 example, there might be a thousand feet of it and
10 he used 600 feet of it, so you get a credit for
11 the 400 feet at the unit price that he did. So we
12 sorted through all that.

13 The way it tumbled out is that, in the
14 end, we believe that we owe him up with 124,214.35
15 to wrap up this contract. There have been a
16 number of change orders which reflects the
17 complexity of a job in an urban area where
18 everything is very old, and you never really know
19 what you're going to find underground once you
20 start opening things up. The records aren't that
21 great, so you do the best you can.

22 In the end, we got a good job, and it's
23 all in service at this time. And the change
24 orders had to do, as I mentioned, soils, paving,

25 rock conflicts with sewer and drains or broken

14

1 pipes, other utilities conflicts which would
2 include water pipes as well as the electric duct
3 banks.

4 So in the end, if you were to approve
5 this request, the total change order amount would
6 total \$2,753,245. This particular request is
7 12421435. That will bring the total amount of the
8 contract up to \$9,333,831. That's what the job
9 will be -- close out at.

10 So we request your approval of
11 resolution 201402. Any questions?

12 CHAIRMAN MESOLELLA: We had a motion.
13 We had a second. You have heard the explanation
14 of the executive director.

15 Are there any questions with regard to
16 this particular change order? Commissioner
17 Carlino.

18 MR. CARLINO: I want to make sure the
19 numbers are right in my head. We negotiated.
20 The agreement was for \$2.75 million. That was the
21 additional dollars, right, the COR's?

22 MR. MARSHALL: If you approve this,
23 yes. \$2,753,245.

24 MR. CARLINO: The total is \$9.3

25 million. So originally it was \$6.5 million.

15

1 MR. MARSHALL: That's correct.

2 CHAIRMAN MESOLELLA: So you can see on

3 the number that change orders done on this

4 particular project was quite extensive. And just

5 the nature of the beast, in talking about urban

6 projects and unknown conditions. And it's

7 unfortunate, but the change orders on this

8 particular job were quite extensive relative to

9 the kind of experience you have had with other

10 change orders, other projects. So it is what it

11 is.

12 So are there any other questions?

13 Hearing none, all of those in favor, passing of

14 the resolution 201402 say aye.

15 (All say "aye.")

16 CHAIRMAN MESOLELLA: Are there any

17 opposed?

18 There are none opposed, and that motion

19 carries. And I do believe there is no further

20 report. Thank you very much for the report.

21 Next committee report is Financing

22 Committee.

23 MR. MARSHALL: We're going to have Karen

24 report, if that's okay.

1 of the Finance Committee, but we will take the
2 financial report for today. And we'll get out of
3 here in the next eight minutes.

4 MS. GIEBINK: I'm about to review the
5 December financial report, which you should have
6 before you. On page 1, budget versus actual
7 status. We are spending pretty much right on
8 budget. You'll notice that the special services
9 line item is slightly over budget, because we
10 received a significant bill from the utilities
11 commission. We discovered an error in calculating
12 their assessments. And as a result, our
13 assessment nearly doubled for the fiscal year.

14 Personnel. 97 percent of the budget
15 is personnel. On page 2 of the report you can see
16 the user fee billings. We had been running pretty
17 much right on target through December. We were
18 disappointed with the January billing which was
19 approximately \$7 million. So we're continuing to
20 keep an eye on that.

21 And as you know, the most recent filing
22 with PUC was filing for a rates base adjustment to
23 hopefully correct the issues we've been having
24 with the consumption based billing.

25 The receivables are shown under Item B,

17

1 and you can see that they are up slightly from
2 this point last year, approximately \$13 million.

3 On page 3 of the report, cash
4 investments total the \$98.6 million. The
5 investments are hung under the items below.
6 You'll notice the project fund is significantly
7 higher than it had been, and that balance is
8 reflecting the increase resulting from the most
9 recent bond issue that took place in December.

10 On page 4 of the report you can see the
11 NBC demand bonds are pricing favorably at around
12 20.5 percent. Outstanding debt totals 585
13 million.

14 On page 5 of the report, the available
15 capital funds are 54 million. And again, you can
16 see the 2013 Series C available balance of \$32.5
17 million, that was a bond issue that was recently
18 completed. And we are continuing to expend
19 capital at a very significant rate.

20 You can see in December, on the last
21 page, on page 6, there was over \$12 million.
22 Nearly \$13 million was spent in the month of
23 December on capital.

24 I also added a new line item or section

25 to the monthly report. The assets are Roman

18

1 Numeral V, and this will give you an indication in
2 terms of the funding levels in terms of the
3 planning your performance, the initial value of
4 the assets was approximately \$7 million. The
5 ending value as of December 31st, 2013 is \$8.6
6 million for a money weighted performance of 11.6
7 percent of the planned year.

8 Also attached to my monthly report you
9 find the statement of revenues, expenses and
10 changes that position schedule budget versus
11 actuals, as well as the monthly budget. That's the
12 report.

13 CHAIRMAN MESOLELLA: Thank you, Karen.

14 Are there any questions regarding the financial
15 report? Questions regarding the financial report.
16 Okay.

17 Hearing none, we do have a matter which
18 would need board approval, and that would be a
19 purchase requisition.

20 MR. MARSHALL: Yes. Mr. Chairman, in
21 the budget that you approved back in June, there
22 was an item for \$55,000 to replace the
23 disinfection hypo storage tanks. We have chosen
24 to rebuild the disinfection hypo storage tanks for

25 the exact same amount, \$55,000, but I need your

19

1 approval, because we are changing what we are
2 doing, and the amount is over \$50,000.

3 It's the same amount of money. Rather
4 than replace them, operations group decided that
5 they could rebuild the tanks for the same amount.
6 And so that's what we are asking for your
7 concurrence on.

8 MR. CARLINO: So moved.

9 CHAIRMAN MESOLELLA: We have a motion
10 to approve the purchase requisition request before
11 a discussion. We have a second from Mr. Carlino.
12 There seems to be a question, Commissioner
13 Worrell. Somebody waved, I thought.

14 MR. MACQUEEN: I defer to the
15 operations director.

16 CHAIRMAN MESOLELLA: Any questions
17 regarding the reason why we are choosing to
18 rebuild?

19 MR. WORRELL: If you get a new one for
20 55, and you rebuild--

21 CHAIRMAN MESOLELLA: What's the logic
22 for that? Who wants to answer that?

23 FROM THE FLOOR: I will. We have four
24 tanks. So rather than replace one and spend

25 \$55,000, we can repair all four and have a more

20

1 useful life. It seems like a better expenditure
2 of money.

3 MR. WORRELL: Seems like a good answer.

4 CHAIRMAN MESOLELLA: Well, it's an
5 answer. The board will decide if it's a good
6 answer.

7 MR. WORRELL: Well, I like it.

8 CHAIRMAN MESOLELLA: Okay. All right.
9 So you've heard the explanation. We have a
10 motion. We have a second. All of those in favor
11 of approval of the purchase requisition say aye.

12 (All say "aye.")

13 CHAIRMAN MESOLELLA: Are there any
14 opposed?

15 There are none opposed, and the motion
16 carries. And I don't believe there's any other
17 business to come before the Finance Committee
18 chairman.

19 Do you have any further business you
20 care to raise? No other business.

21 Okay. All right. Other committees
22 reporting would then be the Personnel Committee,
23 which I don't believe has met. The Executive
24 Committee hasn't met. It was a pretty hectic

25 December, so there were no other meetings.

21

1 Long-range planning hasn't met, nor has rules or
2 regulations, Citizens Advisory -- were you guys
3 busy during the holidays?

4 MR. GADON: Yes, we were, Mr. Chairman.

5 CHAIRMAN MESOLELLA: Then proceed with
6 your report.

7 MR. GADON: Thank you. Okay. The CAC
8 met last Wednesday and achieved a quorum, in spite
9 of a cold night and exploding coffee maker. Karen
10 and Sherri from Finance made a fine presentation
11 regarding NBC finances.

12 It was noted that 50 percent of the
13 budget was for debt service and that ten of our
14 largest consumers are the colleges and
15 municipalities and other non-for-profits.

16 It was discussed that the resource
17 recovery should also become a large user in the
18 future. The affordability issue as described
19 previously by Ray Marshall is a concern, with one
20 remedy being to amend the mandated capital
21 expenditures over a longer period.

22 It was brought out that a possible
23 graduated fee structure similar to IRS might be
24 reviewed to ease the burden, where needed. It was

25 also noted that, after discussion, NBC managed to

22

1 get the clean water finance authority to increase
2 the amount available to borrow, which is at a rate
3 of approximately 1/3 less than outside market
4 rates.

5 NBC continues to enjoy a good record
6 with the regular authorities. Karen and Sherri
7 were applauded for the performance of their
8 department.

9 Our next meeting is February 19th, when
10 we will hear from Phil Albert in regard to the
11 wind turbines and electricity generated.

12 CHAIRMAN MESOLELLA: Thank you very
13 much, Harold.

14 Okay. Moving right along, we might
15 just make this. There is no meeting of the ad hoc
16 compensation committee or internal ethics.
17 Legislative report, there is none, too early in
18 the session.

19 But with regard to the chairman's
20 report, I intend to call a meeting of the
21 long-range planning committee sometime in the
22 upcoming weeks to talk about some of our
23 initiative for the upcoming year. In particular,
24 I would like -- I think we can talk a little bit

25 about success planning. We also need to talk a

23

1 little bit about our expansion initiatives that we
2 have been talking about for the last couple years.
3 Those are primary on the chairman's agenda for the
4 upcoming year. And that's all the chairman has to
5 report.

6 Is there any new business to come
7 before the commission?

8 MR. NATHAN: I don't know if it's other
9 business. John Farnum just left. He has a very
10 serious back operation on Thursday. And I'm just
11 wondering if we could send him our best wishes in
12 some way.

13 CHAIRMAN MESOLELLA: In the form of a
14 motion, we'll take that as a motion and seconded
15 by the entire commission, of course. And we'll
16 leave it to Jamie to do something appropriate.

17 MR. SAMONS: Absolutely, Mr. Chairman.

18 CHAIRMAN MESOLELLA: We'll do something
19 appropriate, and we'll notify you by way of
20 e-mail, what we've done. And we can do a sign-on
21 card, or we can do something. Jamie will figure
22 it out.

23 Other business to come before the
24 commission? Hearing none --

25 MR. MONTANARI: Move to adjourn.

24

1 MR. KIMBALL: Second.

2 CHAIRMAN MESOLELLA: Seconded by

3 Commissioner Kimball. And all in favor of

4 adjournment say aye.

5 (All say "aye.")

6 CHAIRMAN MESOLELLA: Any opposed? We

7 didn't make 11:30, but we are close. So we are

8 adjourned.

9 MR. NATHAN: Next meeting is February

10 25th. Thank you for coming.

11 (Adjourned at 11:38 a.m.)

12

13

14

15

16

17

18

19

20

21

22

23

24

1 CERTIFICATE OF REPORTER

2

3 I Hereby certify that the foregoing pages
4 are a complete and accurate computer-aided
5 transcription of my original stenotype notes taken
6 in the Matter of Narragansett Bay Commission, which
7 was held at Corporate Office Building, One Service
8 Road, Providence, RI 02905, on January 14, 2014.

9

10

11

12

13

14 Margaret R. Golden, RPR

15 Notary Public

16

17

18 My commission expires: October 14, 2015

19

20

21

22

23

24

