

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF  
DIRECTORS  
OF THE BRISTOL COUNTY WATER AUTHORITY**

**Wednesday, February 17, 2010**

**450 Child Street, Warren Office, Boardroom, Warren, RI**

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**Pursuant to proper notice, the Special Meeting of the Board of Directors of the Bristol County Water Authority was called to order by Chairman Jannitto at 9:40 pm, in the Warren Office, Boardroom, Warren, Rhode Island. Executive Director Pasquale DeLise, Legal Counsel Ms. Sandra Mack and the following Directors were in attendance at the commencement of the meeting:**

**David Dugan, William Gosselin, John Jannitto, Allan Klepper, John McElroy, Lloyd Matsumoto, Frank Nencka, Joseph Rego and Frank Sylvia**

**Chairman Jannitto stated that this was not a public hearing, but he had received a request from the Warren Town Council asking permission to speak at the meeting. He also received a request from Mr. Gary Morse to speak at the meeting.**

**The Chair recognized Mr. David Frerich, Warren Town Council**

**President. Mr. Frerich stated that the people in Warren cannot afford any more increases. Please make internal cuts in the budget.**

**The Chair recognized Mr. Frank Alfano, Warren Town Councilor who asked the Board to explain what cuts the Board had made.**

**Chairman Jannitto stated he was following the agenda. The Board would vote on the O&M and Capital Budgets first, then vote on the rate increase.**

**Director Sylvia stated that the O&M Budget had already been reduced from a 1.9% increase, final amount being .5% greater than last year's budget.**

**Director Sylvia made the following motion which was duly seconded**

**MOTION: To approve the FY11 Operations and Maintenance Budget in the amount of \$7,089,209 in the form presented.**

**Director Klepper amended the motion**

**Amendment: To deduct the following 5 line items from the budget 1) Awards Banquet and summer outing contribution \$3,600 2) Calendars, Essay/poster contest, science fair awards \$4,800 3) Directors fees \$1,920 4) Pension contribution \$180,000 5) Senior discount \$40,000.**

**Legal Counsel Ms. Mack stated each item should be amended individually.**

**Director Sylvia stated to amend the 5 items, by item.**

**Director Sylvia withdrew his motion.**

**Director Klepper made the following motion, Director Sylvia seconded**

**MOTION: 100% reduction, Awards Banquet and summer outing contribution, \$3,600.**

**Director Rego stated that these items should be discussed in sub committee. This is not normal procedure. The significance of this will have zero affect on the rates.**

**Motion passed unanimously.**

**Director Klepper made the following motion, Director McElroy seconded**

**MOTION: 100% reduction, Calendars, Essay/poster contest, Science fair awards, \$4,800.**

**Director Rego stated that this was educational for the kids, it's one of**

**the good things that we do. I will be voting against this motion.**

**Director McElroy stated the amount could be reduced because of the times we're in, we can always put it back in.**

**Director Matsumoto stated that the purpose of this was for the education of conservation to teach kids to conserve and he would be voting against the motion.**

**The Chair recognized Engineering Technician Ms. Susan Andrade who stated that she has been working with school kids for 20 years. We should keep the program alive, cut out the calendar portion. The BCWA is mandated to have a conservation program.**

**Motion failed 1 - 8. Voting Aye, Director Klepper. Voting Nay Chairman Jannitto, Directors Dugan, McElroy, Rego, Sylvia, Gosselin, Nencka and Matsumoto.**

**Director Klepper made the following motion, Director Gosselin seconded**

**MOTION: Reduce the Director's fees by 20%, \$1,920.**

**Legal Counsel Ms. Mack stated that it's in the BCWA's enabling stature to pay Directors \$35 per meeting and the Chairman \$50 per meeting.**

**Motion passed 8 – 1. Voting Aye Chairman Jannitto, Directors Klepper, Dugan, McElroy, Rego, Gosselin, Nencka and Matsumoto. Voting Nay, Director Sylvia.**

**Director Klepper made the following motion, Director Gosselin seconded**

**MOTION: 100% reduction, Pension contribution, \$180,000.**

**Director Klepper stated that information was brought to the Board about different options.**

**Legal Counsel Ms. Mack stated that the actual stature cannot be changed without collective bargaining. This is a government plan. The Actuary has recommended keeping the plan funded.**

**Director Gosselin stated that Mr. Morse had stated at the Warren Town Council Meeting that BCWA's payout is 4 times greater than a government pension. This pension may not be what we need.**

**Ms. Mack stated that BCWA's professional actuary has told us to fund the plan.**

**The Chair recognized Mr. Gary Morse. Mr. Morse stated that there are different levels in government pensions. Taxpayers are funding**

**BCWA's pension.**

**Director Rego stated that our Actuary had recommended \$405,000 and we cut it down to \$180,000. I will be voting against this motion. We have a responsibility to the rate payers and to our employees, we are cutting enough with the \$180,000.**

**Mr. Morse stated that there were several places to make cuts. 100% funding if you adopt actuarial standards. The 6% annual rate of return you voted does not exist in the real world. My recommendation is to adopt a true actuary plan.**

**Chairman Jannitto stated that he appreciated the input from Mr. Morse and BCWA's actuary should meet with Mr. Morse.**

**Director Gosselin stated that we should put the rate payers first, not the employees.**

**Director Dugan stated that we should hear both sides, both Mr. Morse and our Actuary. We should fund the \$180,000.**

**Motion failed 3 – 6. Voting Aye Directors Klepper, McElroy, Gosselin. Voting Nay Chairman Jannitto, Directors Dugan, Rego, Sylvia, Nencka, Matsumoto.**

**Director Klepper made the following motion, Director Rego seconded**

**Motion: 20% reduction of the Senior Discount, \$40,000.**

**Director Rego stated this will put a greater burden on the seniors.**

**Director Klepper stated that this had been discussed several times. The total senior discount was originally \$35,000 and it's now up to \$200,000. The staff is not equipped to do a means test. The discount should be phased out in a 5 year period. It will have some impact on our seniors, but it is 2% of our rate increase.**

**Chairman Jannitto stated that he would be voting against the motion.**

**Director Gosselin stated that it's a crime, a senior taking the senior discount when he does not need it.**

**Chairman Jannitto stated that about 80% of the seniors need this discount.**

**Motion failed 4 – 4 – 1. Voting Aye Directors McElroy, Gosselin, Matsumoto, Klepper. Voting Nay Chairman Jannitto, Dugan, Sylvia, Nencka. Abstaining Director Rego.**

**Director Sylvia made the following motion, Director Rego seconded**

**Motion: To approve the FY11 Operations and Maintenance Budget in**

**the amount of \$7,083,689 in the form presented.**

**Motion passed 7 – 2. Voting Aye Chairman Jannitto, Directors Dugan, McElroy, Rego, Sylvia, Nencka, Matsumoto. Voting Nay Directors Klepper and Gosselin.**

**Director McElroy made the following motion, Director Rego seconded**

**MOTION: To approve the FY11 Capital Budget in the amount of \$1,277,686 in the form presented.**

**Director McElroy stated that BCWA should hold up on some projects for 6 – 7 months to save money, this would help with the rate increase. Staff should come to the Board with big ticket items.**

**Motion passed 8 – 1. Voting Aye Chairman Jannitto, Directors Dugan, McElroy, Rego, Sylvia, Gosselin, Nencka, Matsumoto. Voting Nay Director Klepper.**

### **Water Rate Increase**

**Director Sylvia stated lack of revenue and reduction in portfolio the reason for rate increase. Raise rates 6% now, a 3% increase was already voted in 2007. We have to make up for the shortfall. Historically BCWA has always generated enough income for what was required. Requesting to raise rates 9%, the staff recommended 12%. The following motion was duly made and seconded by Director**

**Rego**

**MOTION: To approve a rate increase of 6% for Fiscal Year 11, which rate increase is in addition to the 3% rate increase previously adopted by the Directors on March 15, 2007 for the fiscal period ending 2011.**

**Director Sylvia stated the Board had approved a 3% increase in 2007 for the next 6 years.**

**Director Rego stated this is an easy vote, we would be in default and relinquish our fiduciary responsibility.**

**Motion passed 8 – 1. Voting Aye Chairman Jannitto, Directors Klepper, Dugan, Rego, McElroy, Sylvia, Nencka, Matsumoto. Voting Nay Director Gosselin.**

**Chairman Jannitto thanked the public for their understanding.**

**The Chair recognized Mr. Joseph DePasquale, Warren Town Councilor, who apologized for raising his voice at a recent Council Meeting.**

**February 10, 2010 Request for Information from BCWA Director Gosselin**

**Director Gosselin read his 1/29/10 memo he sent to the Board:**

**January 29, 2010**

**To all BCWA Directors:**

**At our last meeting, I made my position clear that I would not support a 9% rate hike effective March 1st. I stated that I would support a rate increase of at least 10% in order to meet the revenue needs of the Bristol Count Water Authority for the fiscal year 2011. However, after hearing and reading from our rate payers that an increase of any amount is going to be met with outrage and anger, I am proposing that the following action be taken at our meeting on February 3rd.**

**I am proposing that we start dialogue with the union members in regards to a wage freeze starting with the next pay raise due to begin in May and runs through April of 2011. I am also proposing that our non union staff have a wage freeze for a period of one year when their next raise is due to start. I believe that their raise is due to start in July and if so, would run through June, 2011. In speaking with Web earlier this week, it was brought to my attention that 2 employees at the pay rate of time and a half perform janitorial duties in keeping the building clean. I believe that this practice sends the wrong message to our rate payers. We should be hiring outside of our staff to perform these duties that may lead to a reduction in cost. I believe that in acting responsibly for our rate payers, we need to find at least \$ 100,000.00 in reduced costs in conjunction with a modest rate increase that is necessary to generate the revenue needed to run the Bristol Count Water Authority.**

**Finally, I believe that the Audit & Finance Committee should look into contracting an independent agency to examine how the BCWA is being run. This in no way suggests that how it is being run is inefficiently, mismanaged or overstaffed. Our rate payers need to feel confident in how the company is being run. Can we provide water and services to all 3 towns at a reduced cost? Is the company being run today in the exact same way that it was run 10-15 years ago? I believe that with input from its employees and from an outside agency that is there to see, listen and learn how the company is being run, we can only benefit from their report.**

**Director Rego stated that this item should first be discussed at the Audit Finance Sub Committee Meeting next month. Also, I have a problem if staff needs an outside company to help them manage 34 employees.**

**Director Gosselin stated that the problem is each employee is doing the same thing they have done for the last 10 to 15 years. The Board can solve this problem without bringing in an outside company.**

**Director Sylvia stated that it was nice to see the three Town Councils getting involved in seeing what BCWA does. The Board acts as an extension of their Councils.**

**Director Sylvia requested the Janitorial item be placed in the March**

## **Audit Finance Sub Committee Meeting.**

**There being no further business the meeting was adjourned at 6:45 pm.**

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**John L. McElroy, Jr.**

**BCWA Secretary**