

PUBLIC HEARING
OF THE BRISTOL COUNTY WATER AUTHORITY

Thursday, January 3, 2013
Warren Town Hall, 514 Main Street, Warren, RI

Chairman Klepper called the hearing to order at 6:00 pm.

Robert Allio, Paul Bishop, Kevin Fitta, William Gosselin, John Jannitto, Allan Klepper, Raymond Palmieri, Sr.

Directors Absent: Joseph DeMelo, Frank Sylvia

Chairman Klepper stated the Executive Director would first give a presentation. After the presentation questions and comments would be taken from the audience.

Summary of Presentation by the Executive Director P. Marchand —

Ms. Marchand described the work of the Board over the past few months to review the status of the BCWA and to create a strategic plan to move the utility forward.

Status: There are 230 miles of water mains, a total staff of 29 employees, declining revenues and an aging infrastructure. An outdated computer data management system is restricting the ability to analyze information.

Mission statement developed: to be a model water company, to be recognized for water quality and system reliability. Five strategic interrelated goals have been developed — maintain a secure source of high quality water, adopt a plan to support infrastructure needs, improve data management systems, ensure financial stability and improve customer relations. A 20 year Capital Plan and a 10 year Financial Plan were approved. An Infrastructure Reserve is also to be established, as required by the State.

A Rate Study Consultant was hired to review BCWA's rate structure, the allocation of our rates, and revenue requirements to fund the strategic plan. The recommendation is for a 12% increase for FY2014, which amounts to \$4.00 per month for the average customer. It is proposed that the Senior Discount be gradually phased out by 2018 and a Life-Line Rate begin in 2015 for low water users. An itemized table of the components of the rate increase was presented.

The consultant noted that the BCWA currently collects 5% of our rates for fire protection charges. Based on national standards, our consultants determined that this should be closer to 20%. However, there is a negotiated contract with the Towns that includes the PILOT (payment in lieu of tax) program and a limit on public fire service rates. So these funds have to be collected from rate payers.

The Water Treatment Plant has been shut-down, it is now maintained as an emergency supply and put in operation (to waste) one day a month.

BCWA is looking to hire 2 water system operators, an MIS Manager and an Engineering Project Manager to meet the goals of the strategic plan for infrastructure replacement, water quality improvements, and to increase the efficiency of operations.

Chairman Klepper opened the meeting for questions.

Mr. Hewitt asked if a super majority was need for the rate increase vote. The Chairman responded that it was.

Mr. Hewitt asked what were the three major concessions made by the Union. Executive Director P. Marchand responded: 1) The post retirement benefits, 2) seniority issues, 3) no salary increase for first 2 years of contract, then 2.5% salary increase the 3rd year.

Mr. Hewitt also asked about the bond debt. The Executive Director responded that the majority of the bonds will be paid off in 2018, currently the debt service is \$3.2 million per year.

Mr. Katz, of Bristol, asked if there was a cost savings in purchasing our own backhoe and truck instead of using a contractor. Executive Director P. Marchand stated that there would be a savings, especially with operational efficiency. For example, when a small project in the yard needs to be done, it is fairly costly to call in a contractor. Many of these project don't get done.

Mr. Katz asked if Poppasquash Road was factored into the plan. Executive Director P. Marchand stated the Poppasquash Road was not specifically in the plan for the next 2 years.

Frank Sylvia, as a Bristol ratepayer, objected to the Engineering Project Manager and MIS positions. If these 2 positions are eliminated, at a cost of \$200,000, it would eliminate 2 percentage points from the rate increase.

Executive Director P. Marchand noted that if BCWA does not hire these 2 management positions, considerable more expense would be needed for consultants.

Gary Morse, Barrington, mentioned that a Master Plan was due in 1993 to the State Water Resources Board and never submitted; he also mentioned issues he had with the reappointment of Sandra Mack as legal counsel. He objected to the meeting of 12/20/12 not being noticed properly, therefore it was a violation of the open meetings law.

Chairman Klepper stated that the Board has always worked with a plan, he did not know if the plan mentioned by Mr. Morse was submitted to the State. We had a Capital Plan for many years that included a small main replacement program and have completed the renovation of 57 miles of pipe. The Board has always tried to do the best job that it could while keeping in mind what the ratepayers are up against.

Mr. Morse stated that Ken Burke, of the Water Resource Board, sent a letter on 1/26/2011 to John Jannitto stating that BCWA had not filed a plan. He believed that our attorney had the responsibility of informing the Board that it was operating without a legally mandated plan. Will the Board take a new vote for legal counsel and give the public the opportunity to present its case why Ms. Mack should not be reappointed?

Chairman Klepper stated that to the extent that the Board was aware, it was a legally advertised meeting. We will request the Attorney General to determine if there was a problem. If the Board needs to take additional action, it will.

Executive Director P. Marchand stated that she is asking outside counsel to review this for BCWA. Also, there was a Master Plan submitted to the RIWRB, but she believed they were looking for more detailed information.

Mr. Baillarger stated that the vote for the rate increase is being rushed through; customers do not have enough time to review the information.

Executive Director P. Marchand stated that the Board was working on a Strategic Plan through the summer and fall. Discussions on a rate increase began in October, and just recently finalized. As the vote for a rate increase must be taken before the end of the fiscal year, any increase, and the FY 2014 budget, needs to be in place by the end of January.

Mr. Jeff Black stated that there are serious flaws in the project data that must be addressed. It is wrong to say that the rate increase supports the infrastructure improvements; in reality it is mostly to fund excessive ongoing expenses. The 20 year infrastructure replacement plan filed with DOH on November 1, has not been approved by the DOH and will not be approved until April. Water mains need to be rehabbed, BCWA does not have an asset management program, and the Pawtucket pipeline will not be started until 2018 leaving BCWA without a redundant water source.

Executive Director P. Marchand responded that a study is being done for the Pawtucket pipeline, but will not be completed until August. Then the WRB will have to request bonds for the Interconnection Program for the following year. Once funding is in place, design and construction phases will begin. It is a time-consuming process and will take a number of years.

Ms. Marina Peterson asked if the December 20 meeting was legal. Also, the B&E Report had stated that rate increases would not be necessary.

Executive Director P. Marchand responded she is asking outside counsel about the December meeting. As far as the B&E Report, it stated rate increases were not necessary, only if a minimal amount of work would be done for the next five years. We cannot wait another 5 years to do any major system improvements.

Mr. Hewitt, questioned Legal Counsel S. Mack's rate and if there is a cap limit

Executive Director P. Marchand stated that S. Mack has been using different associates that will be working with BCWA, there will be a cap but that has not been finalized.

Mr. Hewitt asked that an article be published in the newspapers about the specifics of the rate increase.

Chairman Klepper stated that a 4page ad is being placed in the local papers.

Ms. Cathy Tattrie - BCWA should go back and look at its budget numbers, there has to be certain things that can be cut. A 12% increase is hard for the people right now. We made cuts in the Town of Warren of 12%, there were no salary increases and we didn't add any new employees. Also, Ms. Tattrie asked about facilities improvements to the BCWA administration building.

Mr. Jeff Black stated the revenue plan shows expenses increasing by 4.5% per year without explanation. Four new positions is a problem, current staff should be utilized more efficiently. Ms. Mack was reappointed on December 20 without sufficient meeting notice for the vote.

Mr. David French asked about the no layoff clause in the union contract.

Executive Director P. Marchand stated the no layoff clause is for older personnel with 10 — 12 years of experience. BCWA is understaffed now with many employees retiring in the next five years.

Director Palmieri stated that only 3 employees are not protected.

Mr. Baillargerion questioned legal services of the Board. A Board member pointed out that there is a 25 — 45% discrepancy between Ms. Mack's price and the other law firms interviewed.

Mr. Black question the open meeting violation of December 18 meeting, was this meeting noticed.

Chairman Klepper stated that December 18 meeting was not noticed. It was a private matter to interview people in a closed session. We were told this was not wrong. He will be requesting a review by outside legal counsel.

There being no further business, the hearing was adjourned at 7:55 pm.



Kevin Fitta
Secretary