

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

December 16, 2004

The Board of Directors of the Kent County Water Authority held its monthly meeting in the Joseph D. Richard Board Room at the office of the Authority on December 16, 2004.

Chairman Perry opened the meeting at 3:30 P.M. Chairman Perry, Board Members, Mrs. Graham, Mr. Masterson, Mr. Boyer and Mr. Gallucci, were present together with the General Manager Timothy J. Brown, Director of Administration & Finance Arthur Williams Technical Service Director John Duchesneau, Kevin J. Fitta, System Engineer, Legal Counsel, Lewis J. Paras and other interested parties.

The minutes of the Board meeting of November 17, 2004 were moved for approval by Board Member Graham and seconded by Board Member Boyer and the minutes were unanimously approved.

Legal Matters

Welgen Tank (Amgen/Immunex) Mechanics Lien (Coughlin)

With respect to the September 27, 2004 grant of the Motion of Kent County Water Authority to Intervene, Legal Counsel filed a reply to the action on December 2, 2004.

Welgen Tank (Amgen/Immunex) Mechanics Lien II (D & N Insulation Company)

A subsequent mechanics lien was filed against the land owner by another contractor (D & N Insulation Company) in the amount of \$164,000.00. Therefore, Kent County Water Authority filed a Motion to Intervene which was granted by the Kent County Superior Court on December 13, 2004.

E. J. Prescott lawsuit

On October 12, 2004 the Court denied Prescott's Motion for Summary Judgment and allowed Kent County Water Authority to move for summary judgment which the Court granted. The transcript has been reviewed and the order drafted and the other side has reviewed our proposed order, however, as anticipated E.J. Prescott legal team had picayune objections and ultimately the Judge will decide the form of order and

Legal Counsel drafted a motion to enter an order with Judge Thompson which is scheduled for January 10, 2005.

Dig Safe Violation/John Rocchio Corporation

On June 15, 2004, a hearing was held by the Division of Public Utilities and Carriers Hearing Officer, David Gentile, regarding the Tiogue Avenue/Williams Street breach by John Rocchio Corporation. The Authority presented witnesses and legal authorities and Mr. Rocchio did not. A decision was received in the favor of the Authority wherein the Hearing Officer found that the Authority witnesses, Alan Angiollini, Robert Austin and Richard Burns to be credible and their testimony unrefuted. The Hearing Officer further found that John Rocchio Construction Corp. failed to exercise reasonable care after the Authority made the markings in a timely and suitable manner. The John Rocchio Construction Corp. was fined in the amount of \$500.00.

John Rocchio Corporation – Monies Owed

Both Superior and District Court matters are in suit and the answer of the Defendant was received. A motion to assign was scheduled and granted in the Superior Court on July 26, 2004. Interrogatories were sent to Rocchio on July 6, 2004 and were due on August 15, 2004. No response had been received and a Rule 37 (meet and confer) letter was sent on August 18, 2004. Motions were filed in both cases to compel Rocchio to answer the interrogatories.

On September 13, 2004, the Kent County Superior Court granted the Plaintiff's motion to compel the Defendant to provide answers to the discovery on or before October 13, 2004. On September 16, 2004, the Third Division District Court granted Plaintiff's motion to compel Defendant to answer discovery on or before October 16, 2004. The Attorney for the Defendant, Mr. Salvadore had contacted Legal Counsel and asked for an extension to November 8, 2004, which Legal Counsel granted. Mr. Salvadore asked for a subsequent extension until November 19, 2004 and that was granted with the proviso that if this discovery was not forwarded on that date, a motion to default would be promptly filed thereafter.

Motions for default were filed in both cases and conditional defaults were granted in the Kent County Superior Court on December 13, 2004 and Third Division District Court on December 14, 2004. Defendant has until January 12, 2005 to answer discovery or judgment will enter upon further application to the Court.

Outstanding Bills/Coventry

The Town of Coventry has paid all outstanding debts due and owing Kent County Water Authority in full.

Blackrock Road Transmission Main/ C.B.

The contract specifies that the matter may be litigated at the option of the contractor either during or after the completion of the project. The General Manager and Legal Counsel have conferred and discussed the ramifications and the issues presented concerning the "borrow" materials. The General Manager and Legal Counsel will continue to monitor.

Read School House Road

The easements have been recorded. The as-built drawings have still not been received. It is the opinion of John Duchesneau that the surveyor/engineer for the Town provide this and that the Town would now have to engage a surveyor to prepare as-built drawings and it is unlikely that the Town will do so.

Elite Construction Company

A collection letter was sent out to Elite Construction Company, Inc. on December 13, 2004 for monies owed in the amount of \$2,226.38. If the amount is not received within thirty (30) days, legal proceedings will be instituted.

Guests:

Kathy Noonan, Home Depot

Kathy Noonan from Home Depot appeared before the Board with regard to the application for water service for Home Depot. She indicated that they were ready to begin construction on the project. The General Manager stated that the application for water service met all the requirements and everything seemed to be in order in that Home Depot could begin construction. The issue of the connector water main on Center of New England Boulevard is still unresolved final drawing are still awaited for final review and approval.

Director of Finance Report:

Mr. Williams explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, and cash receipts, disbursements through November, 2004 which is attached as "A" and after discussion, Board Member Boyer moved and seconded by Board Member Graham to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these minutes and it was unanimously,

VOTED: That the financial report, comparative balance sheet statement of revenues, expenditure, cash receipts and disbursements through November, 2004 be approved as presented and be incorporated herein and are made a part hereof as "A".

POINT OF PERSONAL PRIVILEGE AND COMMUNICATIONS

The Chairman wanted to alert the board to the notice that was sent from legal counsel to the Board concerning the article that appeared in the newspaper regarding Blue Cross and eligibility for coverage by Board Members. There was no further discussion but the Chairman noted that it was an interesting issue.

Board Member Boyer had to leave the meeting at 4:00 p.m. and was not present for the rest of the meeting.

General Manager / Chief Engineer's Report:

OLD BUSINESS

Abbreviated Rate Filing Approval to File

The General Manager indicated that it was virtually complete, but did indicate that this will result in a substantial rate increase. The General Manager suggested that the Authority issue a press release in the first week of January, 2005 to alert customers of the expected rate increase before they read about it from another source. The rate increase would be effective at the end of January, 2005.

Center of New England for Discussion:

Letter dated December 13, 2004 Inspection Fee

The General Manager indicated that he thought this matter was resolved one week before the letter was written. He is now awaiting final drawings.

Letter dated December 13, 2004 Randolph Bank

The General Manager stated that test results were received on December 16, 2004 and were fine. There appeared to be no other issues regarding the Randolph Bank matter. The Chairman noted that there had been an issue with the fire sprinkler system with regard to supplying adequate pressure for the system. However, this problem had been resolved in that the Fire Inspector had signed off on the system.

Letter dated December 10, 2004 Pennoni Home Depot

The General Manager made reference to the fact that Home Depot's concern was a conflict between Pennoni and Caito.

NEW BUSINESS:

High Service Review

The General Manager made reference to the high service request which will come from Arlington RV Supercenter. This review will be before the Board in the January, 2005 meeting. The General Manager also made reference to a possible volatile issue which will be forthcoming in East Greenwich and that a letter regarding this issue would follow.

DEM / Governor's Meeting

The General Manager reviewed the details of the meeting with the Governor and the Department of Environmental Management on November 30, 2004 regarding the wellfield expansion permit. Further discussions will take place.

Legislative Affairs

Meeting

The General Manager stated that the Authority was attempting to try to get the local legislators to meet at the Authority but that was difficult. He noted that legal counsel suggested having a meeting with the legislators at the State House. Board Member Graham and the Chairman both recommended pursuit of a meeting at the State House and suggested that the General Manager work on the same with legal counsel.

Cross Connection Control Legislation

The General Manager stated that again the Department of Health did not send in the cross connection legislation in time to meet the deadline to be on the Governor's legislative agenda. June Swallow of the Department of Health suggested that Kent County Water Authority, through the local legislators, could introduce the bill. The Board generally recommended that the Authority look at options. It is preferred to be on the Governor's legislative agenda, otherwise Kent County Water Authority should separately introduce the bill.

Engagement of Lobbyist

The contract of the previous lobbyist has not been renewed and there has been no official hiring of a lobbyist at this time. The General Manager was to contact the lobbyist and request a letter proposal for services of the 2005 session.

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS :

Oaklawn Meter Pit

The easement deed expanding the easement area has been executed by the owner and forwarded to Citizens Bank for execution. Upon receipt of the deed from Citizens Bank, both deeds will be recorded and the project will be completed.

IFR 2004 Design

The General Manager reviewed several areas and provided separate estimates for costs for each area. The total cost was approximately twelve (12) million dollars and was broken down as follows:

1. Cranston	\$1,200,000.00
2. Post Road	\$2,300,000.00
3. Coventry/West Warwick	\$3,260,000.00
4. Brookfield Plat	\$2,300,000.00
5. Tiogue	\$1,300,000.00

All other Capital Projects and Infrastructure Projects are addressed in an exhibit attached as "B" as prepared and described to the Board by the General Manager with general discussion following.

Board Member Graham made a Motion to adjourn, seconded by Board Member Board Member Gallucci and it was unanimously,

VOTED: To adjourn the meeting at 4:55 P.M.

Secretary Pro Tempore

EXHIBIT A

December 16, 2004

KENT COUNTY WATER AUTHORITY
CASH RECEIPTS & DISBURSEMENTS
FY 2004-2005

BEGINNING MONTH BALANCE

	JULY 2004	AUGUST 2004	SEPTEMBER 2004	OCTOBER 2004	NOVEMBER 2004	DECEMBER 2004	JANUARY 2005	FEBRUARY 2005	MARCH 2005	APRIL 2005	MAY 2005	JUNE 2005
Water Revenues	1,316,534	1,270,930	1,332,028	1,743,524	1,585,484							
Interest Earned	97,029	21,632	37,160	28,007	49,975							
Contribution in Aid Construction	60,000	-	1,500	49,500	9,250							
Inspection Fees	18,500	950	-	16,775	-							
Other	-	-	-	-	-							
TOTAL CASH RECEIPTS	54,978,445	40,815,544	39,685,357	39,907,884	40,232,995							

CASH DISBURSEMENTS:

Purchased Water	290,628	369,075	397,915	707,848	443,533							
Electric Power	50,576	45,914	46,107	36,920	30,789							
Payroll	129,477	131,186	158,455	125,654	128,835							
Operations	124,600	65,554	75,148	120,650	55,060							
Employee Benefits	50,766	48,958	45,501	50,844	49,037							
Legal	-	19,701	5,839	11,058	4,094							
Materials	39,438	7,122	4,877	11,749	7,138							
Insurance	4,299	-	126,675	4,271	4,271							
Sales Taxes	19,501	12,246	9,766	29,181	12,611							
Refunds	69	265	-	60,000	1,307							
Rate Case	-	-	-	-	3,885							
Cooperation	-	-	-	-	-							
Plant	8,339	-	-	349	-							
Capital Expenditures (Other)	3,396	3,715	3,063	-	49,442							
2002 Infrastructure	2,185	117,778	-	2,650	1,400							
2003 Infrastructure	388,934	113,628	70,746	6,642	798							
2004 Infrastructure	11,060	3,400	3,046	5,875	14,780							
Milbrook - Well/Storage/Tank	-	18,894	-	-	10,411							
Trenholm - Well/Tank	119,681	62,092	7,325	4,563	4,198							
Kanody Oak Road 20"	99,680	12,315	1,841	3,503	140,152							
Oaklaw Meter Pit	128,788	3,982	-	3,008	3,008							
Clinton Avenue Pump Station	28,548	14,419	5,401	6,210	608							
E. G. Well Upgrade	267	1,643	-	-	-							
GIS Development Mapping	10,360	12,030	-	44,419	25,823							
Blackrock Road - 24"	1,400,491	1,400,491	495,137	11,630	1,423,759							
Hydraulic Model	5,403	6,687	9,866	1,906	3,400							
Coburnova Road - 8"	-	-	-	-	-							
Milbrook Well Color Evaluation	6,720	2,775	4,450	2,893	445							
Middle Road 16"	-	1,152	2,070	11,481	-							
Quaker Lane P.S. Roof	-	-	-	3,195	4,300							
Reed Schoolhouse Road	-	-	-	-	-							
U. S. Bank - Debt Service (P. & I.)	13,826,892	22,455	3,526	48,487	170,788							
Water Protection	96,528	-	137,209	48,487	-							
TOTAL DISBURSEMENTS	15,456,413	2,500,875	1,615,279	1,317,598	2,999,872							

BALANCE END OF MONTH

39,522,032	38,314,669	38,070,078	38,590,286	37,639,123	-							
44,219,984	44,756,824	45,090,913	45,205,337	44,291,999	-							

	RATE REVENUE	RATE REVENUE
	FY 04-05	FY 03-04
JUL	\$ 1,116,147.59	\$ 914,506.54
AUG	\$ 935,221.97	\$ 709,560.98
SEP	\$ 2,438,062.38	\$ 1,837,037.23
OCT	\$ 1,112,188.32	\$ 1,049,468.47
NOV	\$ -	\$ 828,593.26
DEC	\$ -	\$ -
JAN	\$ -	\$ -
FEB	\$ -	\$ -
MAR	\$ -	\$ -
APR	\$ -	\$ -
MAY	\$ -	\$ -
JUN	\$ -	\$ -

EXHIBIT B

December 16, 2004

PLANNING DOCUMENT \$25,000/YEAR ALLOCATION

PROJECT	STATUS
Water Supply System Management Plan WSSMP	Approved & completed 5 year update due 2007
Clean Water Infrastructure Plan	Approval June 13, 2003. 5 year update due 2008
Vulnerability Assessment Bio-Terrorism Bill	Submitted December 19, 2003
Revised Emergency Response Plan	By June 19, 2004
Simplified EFP Topic Sheets/Employee distribution	December 2004

UPDATED CIP PROJECTS BOND FUNDING

PROJECT	STATUS
Mishnock Well Field (new wells) CIP - 1A	Project closed out.
Mishnock Transmission Mains CIP - 1B	Project closed out.
Mishnock Treatment Plant CIP - 1C	Project closed out.
R-CIP 19 Tiogue Avenue Main	Project closed out.
East Greenwich Well Treatment Plant - CIP-2	Temporary Sequestering Online.
Blackrock Road Transmission Main - CIP-4	Construction on-going. Concern on Construction Services.
Clinton Avenue Pump Station Rehabilitation CIP - 7A	Bid to be set January.
Mishnock 4 Well Installation	On hold. RFP 4 & 5 plus control facility / T.P.

IFR FUNDED PROJECTS

PROJECT	STATUS
IFR 2003	Construction complete except Pulaski Street Paving.
IFR 2004	Design ongoing. Contract to be Divided.
Geographic Information System Base Map	Completed.
Geographic Information System Second Phase	Mapping ongoing.
Tiogue Tank Modified Service Area	Station set. Hook-up on-going.
Knotty Oak Road. Old CIP 5	Construction completed. C.O. Pending on Retainage.
Setian Lane new pumping station and Frenchtown vault rehabilitation.	Recommend legal action.
Setian Lane Tank painting	Completed.
Oaklawn Meter Replacement IFR	Start-up December 15, 2004.
PWSB 78" / Johnson Blvd. P.S. Modification	Project to be delayed due to Setian Lane P.S.
Rehabilitation Mishnock #3	Redevelopment completed.
Revised Hydraulic Model	Task order 3. Final 72 hour simulation.
Color Study Mishnock Wells	Piloting task order approval.
PROJECT	STATUS
Web site preparation	Up and running.
Strategic Plan	Sub-committee to develop plan.
Newsletter	Preparation for next issue.
CCR 2003	Mailed.
Colvintown Road	Pipe installed - Services to be installed. Spring 2005.