

KENT COUNTY WATER AUTHORITY

SPECIAL BOARD MEETING

March 22, 2005

The Board of Directors of the Kent County Water Authority held a special Board meeting in the Council Chambers at Warwick City Hall on March 22, 2005.

Chairman Perry opened the special meeting at 4:12 P.M. Chairman Perry, Mr. Gallucci, Mrs. Graham, Mr. Masterson, and Mr. Boyer, Board Members 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 and Legal Counsel, Joseph J. McGair.

Moratorium High Service Connections Interim Policy High Service Connections

The General Manager explained the necessity of a brief temporary high service moratorium, a draft of which is attached as “**A**” for the Board to have time to react to the lack of water supply.

The General Manager explained that Interim high service approval a draft of which is attached as “**B**”. The Chairman stated that we need to address this situation and a possibility of percentage allocation which may not need to be as high in residential but more into the commercial as economic stimulus. The General Manager stated the approval of the policy will protect the integrity of the system.

Board Member Boyer stated that the Authority does not want to stop economic progress and there are many projects coming our way and if allowed to be built in 2005, it can only be that strong conservation might have the effect that water can be allocated to projects. He does not feel comfortable with the projections since the Authority does not know what the capacity is. There must be a controlled balance. He sees the General Manager’s point but a moratorium may not be in best interest of the system and the customers. The Chairman stated that implementation of a strong conservation program may be an interim measure.

Coventry Councilman Sanetti explained his position that Town of Coventry is opposed to this approach since it would be contrary to the Town efforts to promote economic development. Councilman Sanetti commented that when the General Manager’s name appears on the interim high service policy, it raises a red flag. Coventry Council President Hyde stated that a moratorium would be a message to businesses that Coventry is closed for business. Board Member Boyer stated that the Authority can not make decisions based upon the tax base but our job is to supply water. Board Member Masterson stated if Kent County Water Authority does not have the water, it can’t sell it to Coventry and the technical side of this issue is hard to ignore.

The Chairman explained that the permitting of the expanded wellfield took five (5) years and six million dollars with nothing gained because of the Department of Environmental Management lack of expertise and knowledge. He stated that the Big River Reservoir management area contains seven thousand acres in the water shed and owned by the State and can produce 30 million gallons per day and must be built and needs support from businesses and the local government.

Councilman Sanetti said he understands that Quaker Lane pump station may offer relief at 500' elevation but that transmission lines extensions are not funded and will take a request to the Public Utilities Commission to allocate and Coventry will be very supportive of the longer term solutions.

Outside Irrigation Policy

The General Manager stated that the outside irrigation policy is attached as "C". The Chairman stated that the overall problem is wanting to sell water but that the Authority can not sell what it does not have and the dire need for conservation. The policy regulates existing systems with a prohibition on expansion or any new systems.

The General Manager gave a report regarding once per week outdoor watering which is attached as "D". Using the once per week watering could save a potential of 5 million gallons max per day. Board Member Boyer stated enforcement is a problem. The General Manager stated that a warning and second offense shut off but fines would need a tariff from the Public Utilities Commission.

Board Member Masterson stated if Mondays are usually a tank recovery day then the ban would be effective for two days and Kent County Water Authority would need the help of the municipalities for enforcement assistance. Board Member Graham stated public education outreach is necessary to make our customers aware of the need.

The Chairman concurred with Board Member Graham and xero-scaping is very important element to the integrity of the system. The support of the communities are so important to be successful and really don't need more than once per week watering for your lawn if properly landscaped with enough topsoil. Board Member Boyer stated that it is important to have conservation and strong outdoor watering regulation in and for extra water for the future uses.

Board Member Gallucci stated that it is unlikely that Warwick will not participate since it is not fair to the Warwick-Kent County Water Authority customers, albeit he agrees that it is necessary since the service is split in Warwick and one neighbor can water and another can not and the Warwick-Kent County Water Authority customers already pay more.

Board Member Graham stated that she sympathizes with Board Member Gallucci because of the split communities and agrees that the program would be better statewide but it is not and Kent County Water Authority must implement it. The General Manager stated it can not split rates for different communities and it would have Public Utilities Commission ramifications. The Chairman stated that the real issue is conservation of water and automated watering systems can be a conservation plus if properly used. Board Member Boyer stated that state of the art water saving devices installed are activated when a meter is installed. It might be advantageous to have a separate meter on the irrigation system. The General Manager stated he did not want customers to install irrigation systems and then tell them not to turn them on.

Board Member Gallucci as representative from Warwick stated that the City of Warwick and Kent County Water Authority has and will continue to cooperate with each other. The General Manager stated conservation has a revenue effect for the short term but will be a benefit long term. Board Member Masterson stated that the problem does not go away for the future because of one year of a wet summer. The General Manager warn that Kent County Water Authority can not compromise fire flow.

The Chairman stated that the Authority needs to get over the next year for the shortfall and needs to find ways to accommodate the economy. The simple fact is that the Department of Environmental Management short changed the Authority in the wellfields expansion decision. The Authority now has to concentrate on Bald Hill, Clinton and Read School House, Mishnock well and Big River Reservoir. It may be more realistic to implement an aid-in-construction payment for capital projects. This matter shall be placed on for the agenda for the next meeting for further information and discussion.

Surrey Lane High Service Approval

Mr. and Mrs. Santilli are applying for a single family water connection to 68 Surrey Lane and have claimed a hardship in that the permit was pulled in November of 2002 and they are to build a house on the lot and have small children and currently living in the basement of parents' home and are in desperate need of water for the home and there is no chance to have a well because of the square footage (10K).

Board Member Graham moved and it was seconded by Board Member Gallucci to approve water connection to Mr. and Mrs. Santilli for 68 Surrey Lane, West Warwick, RI with the stipulation of conservation-wise fixtures, xero-scape landscaping and no outside irrigation systems and other stipulations and Board Member Boyer voted in the negative and the rest of the Board voted in the affirmative.

VOTED: To approve water connection to Mr. and Mrs. Santilli for 68 Surrey Lane, West Warwick, RI with the stipulation of conservation-wise fixtures, xero-scape landscaping and no outside irrigation systems and other stipulations.

Allstate Boiler Contract (Default)

The General Manger received responses from Allstate Boiler Co. and C & E Engineering, Inc. and met with Legal Counsel and the meeting was held on March 9, 2005 to attempt to resolve the issue. The Chairman stated that a reasonable time is needed to try to resolve the issue. Legal Counsel gave an overview of the issues.

The Chairman was very concerned about materials received from Allstate attorneys and determined that there were erroneous statements and need the pumping station to be operative.

Board Member Boyer moved to resolve the matter and the General Manager to have the authority in his discretion to declare a default and it was seconded by the entire Board and it was unanimously,

VOTED: To resolve the matter and the General Manager to have the authority in his discretion to declare a default.

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

VOTED: To adjourn the meeting at 6:20 P.M.

Secretary Pro Tempore

EXHIBIT A

March 22, 2005

POLICY

MORATORIUM AND RESTRICTION ON INSTALLATION OF IN-GROUND IRRIGATION SYSTEMS POLICY

In-ground Lawn Irrigation System Restrictions

- Moratorium on new or expanded in-ground lawn irrigation systems:
- Effective (**Date to be determined**) no person shall install a new in-ground lawn irrigation system or expand or replace an existing in-ground lawn irrigation system requiring water supply from the public water system.
- This moratorium may be modified, terminated, or re-imposed by majority vote of the Kent County Water Authority Board if the Board determines that such a change is in the best public interest or to protect health, safety and general welfare of the customers.
- Restrictions on existing in-ground irrigation systems connected to the public water supply:
 1. All in-ground lawn watering systems must be registered with Kent County Water Authority.
 2. All in-ground lawn watering systems must be equipped with a timing device that can be set to make the system conform with the KCWA odd/even outdoor watering restrictions.
 3. All in-ground lawn watering systems must be equipped with a rain sensor and moisture sensing device that will prevent the system from starting automatically when it is raining or it has recently rained and/or if the soil is sufficiently saturated.
 4. Systems shall be programmed so that no more than 1-inch of water falls on the irrigated area per week. Operation no more than every other day. Nozzle delivery of sprinkler heads should be such that irrigation is even throughout area.
 5. Systems shall be programmed so that they turn on after 2 a.m. and shut off before 5:30 a.m.
 6. Sprinkler systems that water paved areas (driveways, sidewalks, streets, etc.) shall be repaired immediately so that this does not occur.
 7. All in-ground lawn watering systems must have an approved backflow prevention device. The Kent County Water Authority will inspect said device initially.
 8. Any in ground lawn watering systems connected to a well must be physically isolated from connection to the public water system.
 9. All in ground irrigation lawn water system must be shut off upon public notification by the Kent County Water Authority.
 10. Any person or system not in conformance with this policy, upon notice, may be disconnected from the public water supply system service.

EXHIBIT B

March 22, 2005

Potential Maximum Day Water Use Reduction Using "Once per Week" Outdoor Watering

Est. Max. Day (gallons/day)	20,000,000	
Est. Ave. Summertime Outdoor Water Use (gallons/day)	3,400,000	
Est. Max. Day Outdoor Water Use (gallons/day)	10,000,000	Approx. 3 times average outdoor water use
Frequency of current outdoor watering (times/week)	3 - 4	Assumes people follow odd/even schedule
Desired watering frequency (times/week)	1	Once per week
Potential Reduction to Max. Day (gallons)	5,000,000	

<u>Current Schedule</u>	<u>% Watering</u>	
Monday - Group A	25.0%	Assumes that of those watering, 25% water each day and 50% water on max. day
Tuesday - Group B	25.0%	
Wednesday - Group A	25.0%	
Thursday - Group B	25.0%	
Friday - Group A	25.0%	
Saturday - Group B	50.0%	
Sunday - Group A	50.0%	

<u>Proposed Schedule (example)</u>	<u>% Watering</u>	
Monday - no watering	0.0%	This schedule would require dividing service area into at least 5 groups (by Community or portion of community).
Tuesday - Group A (E.Greenwich)	20.0%	
Wednesday - Group B (Coventry)	25.0%	
Thursday - No watering	0.0%	
Friday - Group E - (Scituate, W.Greenwich, Cranston)	10.0%	
Saturday - Group F - (Warwick)	20.0%	
Sunday - Group - (W.Warwick)	25.0%	

Est. Reduction in Max. Day Demand (gallons)	2,500,000	To be conservative, 50% of the potential reduction has been assumed.
Reduction to Max. Day	12.5%	

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EXHIBIT C

March 22, 2005

**DRAFT
FOR REVIEW ONLY**

POLICY TEMPORARY HIGH SERVICE MORATORIUM

Recognizing the imminent impact expansion of service will create on the supply system, the Board of the Kent County Water Authority has determined that the ability to expand service is limited by the existing supply available to and transmission capabilities of the system. The Kent County Water Authority is cognizant of its responsibility to conserve its water supply for the greatest public benefit. Hydraulic modeling has determined a shortage of supply within the 500 foot service gradient exists to the extent that there would be insufficient water during maximum day conditions for human consumption, sanitation and fire protection if expansion of service was allowed.

The Kent County Water Authority finds that it must impose a temporary new service connection moratorium because the supply system has reached the limits of its capacity to supply water and that no further consumers of water can be supplied from the system without injuriously withdrawing supply wholly or in part from those who have been supplied by the Authority.

This moratorium shall not apply to owners of real property that received approval on or before the date of this order or who are customers of the Kent County Water Authority or their successors in interest, if any change in use of their property will not increase their demand on the supply.

Existing residential dwellings seeking consideration based on health or safety concerns may apply for special consideration due to extenuating circumstances. Existing residential dwellings shall be defined as dwellings built and occupied prior to the date of approval of this policy. These applications shall be reviewed and a determination rendered by the General Manager.

The Kent County Water Authority will continue to accept applications for new customers within the service area so information is on file if events change. The Authority's acceptance of applications for review does not constitute a commitment of or to water service connection by the Authority. No new commitments for residential or commercial water connections will be approved until further notice.

The temporary moratorium is in effect as of the date of approval. It applies to all proposed new and expanded water service. This policy shall remain in effect until the situation is rectified by additional source of water supply.

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FOR REVIEW ONLY**

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EXHIBIT D

March 22, 2005

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FOR REVIEW ONLY**

POLICY INTERIM HIGH SERVICE APPROVAL

This interim policy is necessary for the Kent County Water Authority to protect its limited water supply, to allocate and monitor water capacity to existing, pending and future development within its jurisdictional boundaries, to ensure continued economic development and stability of supply to its existing customers and to ensure that development will not generate water demands that exceed available capacity.

Recognizing the imminent impact expansion of service will create on the supply system, the Board of the Kent County Water Authority has determined that the ability to expand service is limited by the existing supply available to and transmission capabilities of the system. The Kent County Water Authority is cognizant of its responsibility to conserve its water supply for the greatest public benefit and to provide reasonable assurances that development during the term of this policy does not exhaust the limited supply that may be available to serve limited growth until new sources of water are developed and on line. Hydraulic modeling has determined a shortage of supply within the 500 foot service gradient exists. Ordinary demands and requirements of existing consumers must be satisfied without depleting the water supply to the extent that there would be insufficient water during maximum day conditions for human consumption, sanitation and fire protection.

The Kent County Water Authority finds that it must impose this approval policy for the allocation of supply to promote business retention, sound economic growth and equitable and reasonable residential housing strategies. Only restricted new service connection capacity is available because the supply system has reached the limits of its capacity to supply water during maximum day conditions without injuriously withdrawing supply wholly or in part from those who have been supplied by the Authority.

It is necessary to require that the Kent County Water Authority implement stringent conservation measures and to require that projects with existing or pending municipal development approvals obtain a limited water service approval that authorizes a restricted allocation of water to the project prior to final commitments for construction of that portion of the project. This provision does not constitute a commitment of water by the Authority beyond the restricted allocation approved.

This interim policy shall not apply to owners of real property that received approval on or before the date of this order or who are customers of the Kent County Water Authority or their successors in interest, if any change in use of their property will not increase their demand on the supply.

Existing residential dwellings seeking consideration based on health or safety concerns may apply for special consideration due to extenuating circumstances. These applications shall be reviewed and a determination rendered by the General Manager.

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FOR REVIEW ONLY**

"D"

The Kent County Water Authority will continue to accept applications for new customers within the service area so information is on file if events change. The Authority's acceptance of applications for review does not constitute a commitment of or to water service connection by the Authority.

The Kent County Water Authority Board sets forth herein a water allocation policy, to be administered by the General Manager, until additional sources of supply can be acquired and developed by the Authority.

1. The water allocation multiplier for maximum day condition shall be based on factors of 1.5 for commercial and 2.3 residential of the average day demand. The water allocation formula for water supply capacity from available surplus, based on maximum day coverage is as follows:
 - a. Residential 35% of existing surplus supply
 - b. Commercial 45% of existing surplus supply
 - c. Discretionary 20% of existing surplus capacity
2. The above listed allocation formulas may be amended by the Board:
 - a. In order to maintain and/or protect public health and safety.
 - b. To adjust allocations if water resources become available
 - c. To adjust allocations to more fairly and equitably distribute available capacity.
3. The total water demand committed under this policy shall be subtracted from the existing available surplus for that category of development. Construction must therewith commence within six months from the date of allocation approval. Upon six month expiration or revocation an approved allocation issued under this policy, the water demand committed with the development project shall be added back to the category from which it originated.
4. Commercial development with anticipated "wet" processes will not be given consideration until the supply shortage can be resolved.
5. All proposed development shall make application per the requirements contained in the Kent Count Water Authority Regulations to receive consideration.
6. A moratorium on supply to any project requiring extension of the transmission or distribution main shall be in effect until the supply shortage can be resolved.

This temporary approval policy is in effect as of the date of policy approval. It applies to all proposed new and expanded water service. This policy shall remain in effect until the General Manager determines that the surplus supply has been exhausted at which time a moratorium on new service connections will go into effect until the situation is rectified by additional source of water supply.