

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

January 18, 2006

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 January 18, 2006.

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

John Pagliarini, Esq. unilaterally set up video equipment in the Kent County Water Authority Board Room without informing or asking for permission from the Board. Legal Counsel inquired as to whom he was representing which request was refused. Legal Counsel asked for any legal authority to affirm the use of video tape under the Open Meetings Act. Mr. Pagliarini stated that he had been in communication with the Department of Attorney General and that an e-mail was received by him in December, 2005. Legal Counsel requested a copy of the same and Mr. Pagliarini proffered it to the Board. The e-mail opined that the Open Meetings Act was silent on this issue but that there was reference to a Federal case which may have allowed it. The e-mail went on to say there were no decisions on point by the Department of Attorney General concerning this matter. Based upon the fact that there did not appear to be any precedent setting decisions and under advice of Legal Counsel, the Chairman moved and it was seconded by the entire Board to disallow the video taping and it was unanimously,

VOTED: To disallow the video taping.

The video taping did not go forward.

The minutes of the Board meeting of December 14, 2005 were moved for approval by Board Member Gallucci and seconded by Board Member Graham and the minutes of December 14, 2005 were unanimously approved.

High Service Requests

The Chairman for the benefit of all present read aloud all of the revised standard conditions in lieu of a moratorium as attached as "A" and further he explained the water deficit in detail.

The General Manager submitted a memorandum dated January 12, 2006 which is attached as "B" which unequivocally stated that the General Manager is the Department of Health licensed operator of the Kent County Water Authority system and that he can not countenance any further water approvals while the water deficit continues in order to avoid a catastrophic incident.

Board Member Gallucci asked the General Manager if his memorandum "B" means no additional services should be approved, albeit there are pending applications and there may be an emergency such as a failing well which is in the realm of health, safety and welfare. The General Manager stated that until such time as additional supply can be obtained, he can not recommend any further high service gradient approvals regardless of whether the same had been pending or a personal emergency. The General Manager further stated that the lack of water supply is the highest emergency and the system needs to be protected.

The Chairman reiterated that the General Manager has previously recommended that there be no more high service gradient approvals and the Board had elected to do a careful review concerning the reasons for high service gradient approvals and the Board did not approve any at the Board meeting of December 14, 2005.

Board Member Boyer stated that he has the utmost respect for the General Manager, but that the Board had asked the applicants to this Board meeting. The Chairman stated that there has not been a formal moratorium and that the Board recently has granted high service approvals only under extreme circumstances.

Board Member Gallucci stated that it may time that there be no further high gradient service approvals. Legal Counsel explained that the General Manager is the licensed operator of the system by the Department of Health and that by piecemeal approvals the system is at least 300,000 gallons to the negative on the maximum day plus fire protection scenario and that a work session should be held to discuss this issue in depth.

The Chairman gave a brief overview of the water shortage and especially along Route 95 and agreed that negative 300,000 gallons on a maximum day plus fire is the issue and the maximum day is the gold standard employed by the American Water Works Association. He stated that the unpredicted and unprecedented growth in the high service gradient has left a list of approved projects, some of which are not completed and if completed would exceed the capability of the system and that the Board should be constrained to ensure the integrity of the system.

The Chairman stated that the bottom line is that the Authority is running out of water.

Board Member Gallucci agreed that a work session would be appropriate and that the Board should extend the courtesy to listen to the applicants present.

Guests:

420 East Greenwich Avenue, Matthew Gilcrest

The applicant was not present and this matter will be held until the next Board meeting on February 15, 2006.

53 Northup Plat Road, Coventry, Kenneth Noberg

Kenneth Noberg was unable to appear and his mother, Jean Loxley attempted to appear in his place. The Chairman stated that it is necessary for the applicant to appear himself and that this matter can not appear on the Agenda until he is available.

2 Old Farm Road, East Greenwich, Richard Benoit

That this matter was continued from December 14, 2005. Board Member Masterson had gone to the site as requested which is adjacent to the new plat which was built by John Rocchio and that there was some natural damage issues and the well was not covered and that this matter should be put on hold for further tests by the applicant.

Rocky Hill Commons, East Greenwich, James Malm

Engineer, Scott Moorehead, P.E. and James Malm, owner were present before the Board. Mr. Malm stated that they had met with the technical people at Kent County Water Authority pursuant to the direction of the Board at the meeting of December 14, 2005 for a discussion concerning project alternatives. The General Manager stated there may be merit to a proposed compromise after Board study with a split gradient with the hotel being serviced by the low service gradient and fire protection by the high service gradient. The discussion also included additional pipe for looping which was not in the current plans. The General Manager warned that the Granite Drive proposal may not be the best for the system. The General Manager stated that the Signal Ridge area may be re-serviced which could be good for the system and it might be applicable to the project. The General Manager made it clear that the system can not tolerate any "dead-ended" lines. The Chairman agreed that further study is warranted and more detail is needed by the technical people. Board Member Masterson agreed.

The Chairman reiterated that after the technical people re-engage and can bring a course of action for agreement, the Board can consider the same and the Chairman and Board Member Masterson stated that low service approval does not require Board action.

The General Manager concurred and stated that he could not recommend any course of action at this time. The Chairman and Board Member Masterson stated that this matter should be held until the next Board meeting. Mr. Malm stated that the Board has been very cooperative in the past and he will continue to work with them and was amenable to postpone this matter until the next Board meeting.

1037 Tillinghast Road, East Greenwich, Sandra Anderson

Board Member Masterson did visit the property and found that the property had been sold and since the last test results were clean that this is not an issue at this time and the Chairman stated that the matter was passed.

70 Island Drive, Abrams

Ray and Karen Abrams appeared before the Board and Karen Abrams stated that she has various medical issues which require many medications and is dependent on the quality of the water. She stated that filters need to be implemented and that this well water quality has not been sufficiently tested.

The Chairman stated that since the well water has not been tested at the present time and due to the shortage of water that the parties should be exploring alternative methods and the Board can not consider this at the present time. Board Member Masterson agreed and the Chairman passed the matter.

Starkweather & Shepley Medical Benefits, Authority as Agent

Claire Teitleman is a Starweather & Shepley Account Executive in the area of employee benefits. She gave a thorough proposal to the Board and disseminated an executive summary which is attached as "C". Board Member Gallucci stated that Starkweather & Shepley has handled other areas of insurance for the Authority and the Authority has been extremely satisfied with Starkweather & Shepley in the past. She pointed out that she does not receive commissions from Blue Cross but does from United Health but it would not interfere with her obtaining the best coverage at the best price for Kent County Water Authority. A Blue Cross Blue Shield small group rate change explanation is attached as "D". Ms. Teitleman also stated that a great deal could be saved provided that the rates in place in early May (expiration date of the current contract) do not significantly rise. She believes that competition is healthy and that United should be consulted for competition sake. She did state that employee co-payments are the wave of the future and that she will take that into consideration in any proposal that she has for the Board.

She spoke about flexibility spending accounts and how the payments could be tax contributions for the employees from payroll deductions. She also gave a renewal excel spread sheet which is attached as "E" which was formulated as of December 19, 2005. She also spoke about insurance through Great West and United.

Board Member Gallucci stated that the City of Warwick employees were now making co-payments and that changes are necessary and inevitable due to extreme market conditions. Ms. Teitleman ventured that it may be a 12% increase for next year. The Chairman stated that it is essential that the Board investigate this pursuant to the Public Utilities Commission directive/rate order.

Board Member Gallucci moved that the services of Starkweather & Shepley be retained as consultants in an amount under \$5,000.00 for health and dental care purchasing pursuant to the Public Utilities Commission order and that the same be accomplished as quickly as possible in that there is a renewal deadline of May, 2006 and it was seconded by all Board Members and it was unanimously,

VOTED: That the services of Starkweather & Shepley be retained as consultants under \$5,000.00 for health and dental care purchasing pursuant to the Public Utilities Commission order and that the same be accomplished as quickly as possible in that there is a renewal deadline of May, 2006.

Legal Matters

Bald Hill Pumping Station Easements

Research regarding the status of easements at the subject site has been conducted by Petrarca and McGair, Inc. and forwarded to Kent County Water Authority for review. The station is located on a parcel of land designated as Lot 31 on AP 241. The City of Warwick along with abutting lots 20, 29 and 33 granted easements to Kent County Water Authority for the purposes of a pumping station. More specifically, abutting lot owners (AP 241, Lots 29 and 20) granted easements to Kent County Water Authority for ingress/egress and water line. Kent County Water Authority shares ingress/egress easement rights with abutting lot owners. There is a storm drain easement front Kent County Water Authority site. A 20' sewer easement affects Lot 29 for the benefit of Lot 20. This matter is now in discussion with the City of Warwick. Board Member Gallucci stated that the matter will be on the Warwick City Council Agenda for February and that Legal Counsel and the General Manager will be acting with the Warwick Officials.

Relocation of Tank Site – Read School House Road

The General Manager and Legal Counsel had previously met with the Acting Town Manager, Town Solicitor and the Department of Public Works and the Town, at that time, agreed to the relocation of the tank site. A survey depicting the site had been prepared and forwarded to the Solicitor and it was approved and a metes and bound description prepared. In November, 2005 the Solicitor advised Kent County Water Authority that the Department of Public Works and Recreation Department but had an issue with the land swap because the land was classified as open space. The General Manager, Chairman and Legal Counsel subsequently met with the Acting Town

Manager, Solicitor and Department of Public Works and Recreation and the Town is seeking additional compensation from Kent County Water Authority for the Black Rock Road paving project in consideration for relocation of the tank site. Kent County Water Authority and Legal Counsel are in the process of ascertaining the municipal review process for a 130' above ground tank situated near Walker Farms. The Chairman is working on this matter with the Town.

Town of Coventry Cost Share Agreement (Re: Paving)

The contract was forwarded to the Department of Public Works, however, was never executed by the Town. The Town now takes issue with the amount of the contract and is seeking additional compensation in the total amount of \$300,000.00. The Chairman is working on this matter with the Town.

Facility Access - Amgen

Easement rights of Kent County Water Authority are impeded due to Amgen's security protocol. Legal Counsel has researched the easement rights of Kent County Water Authority and this issue will be reviewed by the Board.

DEM

Legal Counsel has been in contact with the Director of the Department of Environmental Management and received its response and the response of Kent County Water Authority is to be reviewed by C & E Engineering Partners, Inc. which will be voted on later in this meeting.

NE Gas/DPUC/Greenwich Avenue/Warwick

The parties have met and will continue to meet in order to avert full hearings.

Greenwich Avenue Meter Pit:

By virtue of an agreement dated May 8, 1934 between the City of Warwick and the East Greenwich Water Supply Company, predecessor to Kent County Water Authority, the City owns a meter pit on Greenwich Avenue and said meter pit is obsolete. In connection with the cleaning and lining of the Greenwich Avenue infrastructure, the meter pit will require installation of an insertion valve with a locked cover resulting in the termination of Warwick's service connection. The 12 inch cast iron main will be capped adjacent to the existing fire hydrant located 20 feet south of the entrance to the Crowne Plaza. The master chamber will be filled and the frame and cover removed and the meter chamber will be rendered inoperable.

The City has agreed to waive its interest in this obsolete meter pit. Legal Counsel has forwarded the Agreement to the City and is awaiting a response. The

Warwick Water Department has approved the same and there are language issues to be worked out.

Centre of New England: Wingate Easement

Legal Counsel has forwarded to Brian LaPlante, Esq., attorney for Centre of New England the proposed form of easement deed. Attorney LaPlante's office contacted Legal Counsel on January 12, 2006 and they will be forwarding proposed revisions to Legal Counsel in the near future.

Clinton Avenue Pumping Station/National Grid

National Grid requires Kent County Water Authority to enter into a security agreement with National Grid and grant an easement to National Grid with respect to National Grid providing electrical service to the Clinton Avenue station. The form of the easement deed has been reviewed and approved by Legal Counsel. Prior to granting the easement, Legal Counsel has suggested that Kent County Water Authority review/address security protocol with respect to access to the facility by National Grid.

Director of Finance Report:

Arthur Williams, Finance Director, explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, and cash receipts, disbursements through December, 2005 which is attached as "F", 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 December, 2005, be approved as presented and be incorporated herein and are made a part hereof as "F".

POINT OF PERSONAL PRIVILEGE & COMMUNICATIONS

The Chairman congratulated Board Member Gallucci on his reappointment and the Board unanimously concurred.

Board Member Boyer stated that the Board should consider taping the meetings in the future.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT
OLD BUSINESS:

Supplemental Water Supply, Warwick PWSB (For Discussion)

This matter was previously discussed infra. Board Member Gallucci stated that this matter is on the Warwick City Council Agenda for the February meeting and that there is general agreement, but there are issues that Legal Counsel, the Authority and the City Solicitor should meet and confer on.

Coventry Paving Agreement Approval

This matter was previously discussed in Legal.

New Business

PUC Report & Order 3660, Health Coverage Discussion and Action

This matter was fully discussed under Starkweather & Shepley infra.

DEM Revised Permit Discussion (Engagement of Engineer)

The General Manager stated that Task Order No. 4 between Kent County Water Authority and C & E Engineering Partners, Inc. is for services to review and assess the latest Department of Environmental Management to allow freshwater wetlands for the Mishnock wellfield expansion as issued on May 18, 2004 and proposed permit amendment on November 18, 2005. The scope of services is attached hereto as "G" in the amount of \$8,850.00. The General Manager stated that this is necessary in order for the Authority to appropriately and with the independent assistance of qualified engineers to respond to the Department of Environmental Management proposal of November 18, 2005.

Board Member Masterson moved and it was seconded by the entire Board to approve Task Order No. 4 in the amount of \$8,850.00 for C & E Engineering Partners, Inc. to address the Department of Environmental Management permit of May 18, 2004 and November 18, 2005 response and it was unanimously,

VOTED: To approve Task Order No. 4 in the amount of \$8,850.00 for C & E Engineering Partners, Inc. to address the Department of Environmental Management permit of May 18, 2004 and November 18, 2005 response.

Royal Crest/D.O.H. Private System Requirements

The General Manager gave a thorough memorandum concerning a main break on January 4, 2006 on the private side of Royal Crest Apartments located on Route 117 in Warwick, Rhode Island which is attached as "H". The General Manager reminded the Department of Health that it did not support the crucial back-flow prevention statewide legislation in the last General Assembly session which the Authority has supported in the past. The General Manger stated that Kent County Water Authority can not support a private system and this is why he has been against private systems since his tenure at Kent County Water Authority.

The Chairman directed Legal Counsel to communicate with the Department of Health regarding this issue.

Discussion Private System Operations and Ownership

The Chairman stated that there are private water systems within their jurisdiction including Walker Ridge and Eagle Glen which are not properly being cared for by the respective Homeowners' Associations and that there will surely be a water crisis at those locations which the Authority can not and will not be ultimately responsible for. The General Manager stated that discussions must take place concerning the ultimate solution to these problems with these Homeowners' Association and especially regarding management of the stations on a fee basis. The Chairman directed Legal Counsel to communicate with the Department of Health on this issue as well.

Large Meter Testing Review

The General Manager is working on this matter and not all meters have been tested and will send further notice but will wait until after the cold weather for any shutoffs for scofflaws. The second round will be getting underway soon.

Final M.U.T.A.P. Report on Meeting

A summary report has been issued in concert with URI which will be available at the offices and is too large to be produced herein.

AMGEN Security Access to KCWA Property

Technical Service Director John Duchesneau stated that Kent County Water Authority has had a problem accessing the Kent County Water Authority easement and there was an emergency which took thirty (30) minutes to get the key. Further, access is needed for normal reading and samples.

Legal Counsel stated that Kent County Water Authority has unfettered rights to the easement. The General Manager stated that he believes this situation must be coordinated with West Warwick which also has access through its own lock for waste water treatment and that previous letters have been sent without success.

David Goggin from Amgen stated that we should get everyone at the table and agrees access is necessary and this is the first he's heard of it. Mark Sawyer of Amgen stated the Amgen response did not address needs fully and did not appreciate the problem.

There should be a meeting to accomplish a solution.

AMGEN Water Request Report on Meeting

John Paglarini, Esq. was present as earlier mentioned and would not state who he was representing but he is known to the board as a Centre of New England attorney.

The Chairman stated that he has met with Amgen which has plans for the second unit to be into production but is concerned about water supply and 800,000 gallons per day to run the entire operation as opposed to the 300,000 gallons per day (approximate) being used at the present.

Task Order No. 6 in approved projects indicated that Agmen at one (1) million gallons per day in its analysis, however the approval did not take into account that there would be no Mishnock wells in production and thus 2007 and 800,000 g/d would be in peak demand.

David Goggin and Mark Saywer agreed with the Chairman's assessment. Mr. Sawyer stated that Amgen is right on target with its schedule.

The General Manager gave a history of the project on the water projection and Kent County Water Authority approval which assumed additional supply. On January 29, 2004, a letter was sent to Amgen notifying them of essential infrastructure and issues that Kent County Water Authority may not be able to meet the demand and the Authority has never been a guarantor.

The Chairman stated that there have been significant discussions between the parties in anticipating a shortfall but Amgen can not slow down the water flow since there are living organisms in the delicate manufacturing process which could not survive even a slight shut-down and would result in heavy financial losses.

In reply to Board Member Masterson, David Goggin stated that there will be 1,350 jobs by adding 450 more jobs in the next phase at the new facility. Board Member Boyer stated that Senator Alves had called him and said he was very interested in assisting Amgen. Board Member Graham stated that the Department of

Environmental history of the wellfields from 1999 was very discouraging and Kent County Water Authority has worked diligently but it has been an unfairly treated by the bureaucracy at the Department of Environmental Management.

The General Manager stated Amgen did put in the booster station to their credit and reorganizing was also done, but the issue is that during the critical days (maximum days) last summer Kent County Water Authority was literally one day away from the crisis.

In answer to a question from Board Member Boyer, the General Manager stated that conservation has been made more difficult because the Public Utilities Commission excised the newsletter which was used to lead conservation. The Board tried the one day per week outside watering to no avail which would have saved one (1) million gallons per day (additional supply would be 20%) and he advocates shutting the sprinklers off.

The Chairman stated that the options are short term versus long term, Mishnock wells and increase supply from the Warwick Booster station which would require a minimum of two years from approval and the existing wells need treatment plants and additional wells are more of a long term issue.

The Chairman stated the Department of Environmental Management Director stated it would take only two years for Big River Reservoir wells and stated this was without any justification.

The General Manager stated that odd/even outside watering is not real conservation but just management. Board Member Boyer questioned the Bald Hill increased time. The General Manager stated that Amgen is recycling intentionally as well which is to their credit which has helped out and the Authority should do anything it can to assist Amgen and other economic engines so critical to the area.

Board Member Gallucci stated that Kent County Water Authority recognizes the large commitments that Centre of New England, Brooks and Amgen and that by February, Kent County Water Authority could get the approval of Warwick for the Bald Hill Station and Kent County Water Authority could use help from EDC and the Governor to help provide the necessary water.

The Chairman cautioned that all the large water users should work together instead of finger-pointing at Kent County Water Authority to achieve additional water sources.

Board Member Graham concurred with the Chairman that we need support. David Goggin stated that he appreciates what the Board is doing and understands that it is status quo and that the Authority is working on supply and it is going to be tight. He further stated that timing is crucial. David Goggin suggested that the Board look at the language which is cause for concern to Amgen.

Mr. Paglarini exited the meeting.

Potential Retirements KCWA

There may be two retirements in the near future and postings will follow upon notification by the employees.

KCWA Management of Police Details

The Kent County Water Authority policy will be built into the contract to comply with state law on this and arbitration and is attached as "I".

CAPITAL PROJECTS: **INFRASTRUCTURE PROJECTS :**

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

Personnel Review (Executive Session) – 6:00 p.m.

That Chairman stated that the person affected was notified that a discussion of the employee's job performance, character, or physical and/or mental health was to be held in executive (closed) session by the Board of Kent County Water Authority on January 18, 2006 at 5:30 p.m. unless the person affected required the proceeding to be held at an open meeting. The person affected did respond and did appear and requested that it be held in closed session. The Chairman declared that it be noted in the minutes of the meeting that R.I.G.L. 42-46-5(a)(1) has been fully complied with. After the statement by the Chairman, Board Member Boyer moved and Board Member Masterson seconded the motion to enter into executive session pursuant to R.I.G.L. 42-46-4 and R.I.G.L. 42-46-5(a)(1) to discuss job performance, character, or physical and/or mental health of an employee and it was unanimously passed. Therefore, the Board entered into executive session.

Board Member Boyer moved and Board Member Masterson seconded to exit executive session and to keep the executive session minutes closed and that the minutes shall remain under seal pursuant to R.I.G.L. 42-46-4 and 42-46-5 and it was unanimously,

VOTED: To exit executive session and to keep the executive session minutes closed and that the minutes shall remain under seal pursuant to R.I.G.L. 42-46-4 and 42-46-5.

Additionally, the Board will further discuss this matter at the next Board meeting and the employee voluntarily waive re-notice.

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

VOTED: To adjourn the meeting at 8:40 p.m.

Secretary Pro Tempore

EXHIBIT A

January 18, 2006

Revised Conditions

- The Kent County Water Authority (KCWA) is not a guarantor of water supply for this or any other approval and KCWA can only supply water reasonably available to it and therefore any applicant/customer of KCWA understands that any third party commitments made by a applicant/customer are subject to the reasonable availability of water supply and limits of the existing infrastructure to support service.
- A deficient condition associated with accelerated commercial and residential development exists in the area serviced by the KCWA, the KCWA is in the process of planning for additional water supply and therefore delays or diminution in service may occur if the water supply is unavailable or unable to produce water sufficient to service the customers of KCWA.
- Ventures, commitments or agreements are at the applicant's sole risk if supply or existing infrastructure is found to be insufficient to support service. The applicant may afford the Authority with system improvements to facilitate adequate service.
- The applicant shall file a formal application with the necessary design drawings, flow calculations, including computer hydraulic modeling to fully evaluate this project supply availability and the potential impact on the existing public water supply system. The applicant/customer understands that any undetected error in any calculation or drawing or an increase or change in demand as proposed, which materially affects the ability to supply water to the project, will be the responsibility of the applicant/customer and not the KCWA.
- Only conservation-wise plumbing fixtures are to be installed including but not limited to low flow shower heads, low flow toilets and low flow aerators on faucets.
- If irrigation systems are installed, they must be supplied by a private well. Xeroscape landscaping technique and/or proper planting bed (high water holding capacity) soil preparation shall be employed throughout the project.

EXHIBIT B

January 18, 2006

OFFICE MEMO

To: Board
From: Timothy Brown
Subject: Board Meeting January 18, 2006 High Service Gradient Approvals
Date: January 12, 2006

Prior to the Board's action on high service requests for the January Board meeting I must, for the record, state my objection for any additional approvals being granted. Continued approvals for which supply that is not available is irresponsible, and will be catastrophic to the health and safety of the customers. Any added demand to the high service gradient will only exacerbate a serious situation that exists. If a catastrophic incident requiring water during the maximum day demand period occurs, the system will not be able to supply thus liability will fall upon the Authority for whatever ramifications of the catastrophe are. The calculated maximum day demand has already been exceeded for over 300,000 gallons per day. The engineers have brought this forward to the Board. The calculations have been reviewed and checked by the engineers and the existing conditions have indicated that the calculations and modeling provided by the engineers is accurate. I, again, urge the Board to implement a moratorium on all future high service requests as Kent County Water Authority is unable to serve these until a new source of supply is operational or at least a definitive plan is established to deal with this shortage.

EXHIBIT C

January 18, 2006

A
Health Insurance Report

FOR

**KENT COUNTY WATER
AUTHORITY**

*Presented by:
Starkweather & Shepley Insurance Brokerage, Inc.*

*Claire Teitleman
Account Executive
January 18th, 2006*

DISCLAIMER:

The following is a presentation to highlight coverages and cannot serve as a substitute for actual insurance contracts. Further clarification of coverages, conditions and/or exclusions may be obtained from the specific insurance contracts.

EXECUTIVE SUMMARY:

Starkweather & Shepley has provided Workers Compensation, Life and LTD insurance to Kent County Water Authority for many years. We have often discussed working with the Authority for health insurance; however, the group is direct with Blue Cross Blue Shield (with no commission potential), and there was no desire to change the plan design.

Healthcare has become increasingly expensive over the past decade, with premiums rising on a yearly basis over the CPI. It is most often an employers' greatest expense after payroll.

How did the employer get "stuck" with providing health insurance in the first place? Primarily due to wage freezes imposed after the War, employers started giving health and dental benefits as a way to attract quality employees. The trend has been set, and employers are imposed with this burden in today's economy.

Because of this burden, and the tremendous increase in the cost of health insurance, there are many new trends moving across the nation to decrease this burden. Most employers are asking their employees to pay higher co-payments, and in some cases high deductibles as well.

It is understood that Kent County Water Authority would like to investigate other options in order to keep their healthcare costs down. After a preliminary review of your current coverage, it is very apparent to me that there are some measures I could recommend to drastically reduce the overall cost to the Authority, keeping the plan design similar to it's current structure.

As of May 1, 2005, I have estimated your annual premium to be approximately \$472,600. I am able to come up with a similar plan design for approximately \$407,000. The savings and costs of administering this plan are outlined in my presentation.

It would be good to also see what UnitedHealthcare has to offer your employees. We have many groups who are happy with their United health benefit plans. Although it would mean Starkweather & Shepley could get commissions, it would not be the driving force in my recommendations. If you remain with Blue Cross Blue Shield and you feel my services deserve a minimal consultant fee, that would be nice; otherwise, I have made a commitment to provide these services free of charge as you are already a client.

I would also recommend marketing the dental coverage to Blue Cross Blue Shield of RI, since their coverage is very similar to Delta Dental. It wouldn't hurt to see if their rates would come in lower than Delta Dental.

DISCUSSION ITEMS

INTRODUCTION

- Recent History of HealthCare
- Consumerism
- Pharmacy Trends
- Starkweather & Shepley in the Marketplace

PRELIMINARY SUGGESTIONS

- Savings illustration to move to other coverages with BC/BS
- Introduce higher co-payments to employees
- Have a “base plan” with a buy-up (change contribution strategy)
- Flexible Spending Accounts (IRS Section 125)
- Health Reimbursement Accounts (IRS Section 105)

OTHER SERVICES FROM STARKWEATHER & SHEPLEY

- Zywave software program – back door human resource assistance
- Seminars
- Expertise in product planning and consulting

EXHIBIT D

January 18, 2006

BLUE CROSS AND BLUE SHIELD OF RHODE ISLAND
SMALL GROUP RATE CHANGE EXPLANATION

Group Name: KENT COUNTY WATER AUTHORITY
 Group Number: 269
 Marketing Rep: Patricia Mulligan

Change in Rating Components from: 5/2004 to 5/2005

<u>Rate Change Components</u>	<u>HM C2C Package</u>
A. Change in Community Base Rates (1):	9%
B. Change in Census (2,5):	-2.7%
C. Change in Health Status:	0%
D. Rate Change Before Cap (3):	6.1%
E. Impact of 4:1 rate ratio (4):	0%
F. Change in Community Rated Riders:	0%
G. Total Change in Product Premium (5,6):	6.1%

Overall Change In Total Premium (4): **6.1%**

Notes:

- (1) Base rate change reflects increased cost and utilization within small group pool.
- (2) Reflects age- and gender- based changes in group's demographics. (i.e. any changes between enrollment in the prior period and the enrollment used to develop renewal rates, as described in Note 6)
- (3) By formula, the total change in product premium is the product of multiplying the changes in lines A, B, and C
'(i.e. For HM C2C it is $[(1 + 0.090) \times (1 + -0.027) \times (1 + 0.000) = (1.061)]$, or 6.1%)'
- (4) In 2002, adjusted group rates (excluding community rated riders) were capped by a 4 to 1 rate ratio. (i.e. No rate for a small employer renewing in a period can exceed 4 times the lowest rate for a small employer renewing in the same period).
- (5) By formula, the total change in product premium is the product of multiplying the changes in lines D, E, and F
'(i.e. For HM C2C it is $[(1 + 0.061) \times (1 + 0.000) \times (1 + 0.000) = (1.061)]$, or 6.1%)'
- (6) Based on enrollment used develop renewal rates:

	INDIVIDUAL	IND/SPOUSE	IND/CHILD(REN)	FAMILY
HM C2C	8	12	1	19



Kent County Water

1-May-05

Product Comparison Highlights

BC/BS Healthmate/Healthmate 100/80, \$250 Deductible

IN-NETWORK:	Blue Cross RI Healthmate (EXPIRING)	Blue Cross RI Healthmate 100/80, \$250 Deductible (NEW)
OFFICE VISIT CO-PAYS: (1)		
Primary Care Physician	\$10	\$15
Specialist Office Visit	\$10	\$25
Routine Eye Exam	\$10	\$25
Chiropractic	\$10 (12 visits)	\$25 (12 visits)
Urgi-Centers	\$10	\$25
Calendar Year Deductible - Individual/Family	\$0	\$250 / \$500
HOSPITAL SERVICES:		
Emergency Room Co-pay	\$25	\$100
Outpatient	\$0	Deductible applies
Inpatient	\$0	Deductible applies
LAB & X-RAY:		
Preventive	\$0	\$0
Diagnostic	\$0	Deductible applies
PHYSICAL & OCCUPATIONAL THERAPY	20% co-payment	20% co-pay, after deductible
SPEECH THERAPY	20% co-payment	20% co-pay, after deductible
DURABLE MEDICAL EQUIPMENT	20% co-payment	20% co-pay, after deductible
PRESCRIPTION BENEFITS:		
Retail - 30 day supply	\$5/15/30	\$7/30/50
Mail Order - 90 day supply	\$10/30/60	\$14/\$60/\$100
HOME HEALTH & HOSPICE	\$0	Deductible applies
DEPENDENT COVERAGE:		
To age 19	to end of year age 19	to end of yr. @ age 19
Full Time Student	to end of year age 26	to end of yr. @ age 26
OUT-OF-NETWORK:		
Calendar Year Deductible - Individual/Family	\$200/\$600	\$250/\$500
Coinsurance	20% co-payment	20% co-payment
Out of Pocket Maximum	\$3,000/\$6,000	\$4,000/8,000

*No deductible if performed in ambulatory surgi-centers

Kent County will reimburse \$250/individual, \$500/family per calendar year for deductible charges.

EXHIBIT E

January 18, 2006

Health Renewal for Kent County Water Authority

1-May-05

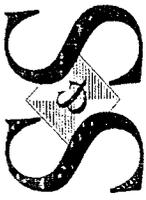
	Current Rates	Renewal Rates	# EE's	Cost/mo Current	Cost/mo. Renewal	Cost/yr. Renewal
Healthmate						
Healthmate Single	\$446.64	\$475.66	5	\$2,233.20	\$2,378.30	\$28,539.60
Healthmate EE & Sp.	\$1,049.61	\$1,117.80	11	\$11,545.71	\$12,295.80	\$147,549.60
Healthmate EE/children	\$714.63	\$761.05	1	\$714.63	\$761.05	\$9,132.60
Healthmate Family	\$1,183.61	\$1,260.50	19	\$22,488.59	\$23,949.50	\$287,394.00
Total			36	\$36,982.13	\$39,384.65	\$472,615.80
<i>Increase</i>					6.10%	

Options - Healthmate 100/80 \$250 Ded., \$7/30/50Rx

Single	\$378.02		5		\$1,890.10	\$22,681.20
EE + Sp	\$888.32		11		\$9,771.52	\$117,258.24
EE + ch	\$604.81		1		\$604.81	\$7,257.72
Family	\$1,001.73		19		\$19,032.87	\$228,394.44
Total			36		\$31,299.30	\$375,591.60
<i>Decrease</i>					-8.97%	

Healthmate 90/70 \$500 Ded. \$7/30/50Rx oop.max. \$2,000/\$4,000

Single	\$340.68		5		\$1,703.40	\$20,440.80
EE + Sp	\$800.60		11		\$8,806.60	\$105,679.20
EE + Ch	\$545.08		1		\$545.08	\$6,540.96
Family	\$902.81		19		\$17,153.39	\$205,840.68
Total			36		\$28,208.47	\$338,501.64
<i>Decrease</i>					-2091.00%	



**Health Reimbursement Arrangement (HRA)
Blue Cross High Deductible Plan Savings/Cost Analysis for
Kent County Water Authority**

Assumptions:

Current Deductible	\$0.00
New Plan Deductible	\$250/\$500
Annual Premium With Renewal	\$472,615.80
Annual Premium Utilizing HRA - Healthmate \$250 Ded.	\$407,246.28
Annual Savings From Plan Design Change =	\$65,369.52

Total number of employees

36

Employer HRA Levels:

	Single	Employee + 1	Employee + children	Family
Number of employees	5	11	1	19
Total Plan deductible	\$250.00	\$500.00	\$500.00	\$500.00
Employee Responsibility	\$0.00	\$0.00	\$0.00	\$0.00
Employer Responsibility	\$250.00	\$500.00	\$500.00	\$500.00
Total	\$1,250.00	\$5,500.00	\$500.00	\$9,500.00

Total members exposed to maximum deductibles = 67

- Annual Employer Savings/Cost Assuming 100% Utilization = \$48,619.52
- Annual Employer Savings/Cost Assuming 80% Utilization = \$51,969.52
- Annual Employer Savings/Cost Assuming 60% Utilization = \$55,319.52
- Annual Employer Savings/Cost Assuming 40% Utilization = \$58,669.52
- Annual Employer Savings/Cost Assuming 20% Utilization = \$62,019.52
- Annual Employer Savings/Cost Assuming 10% Utilization = \$63,694.52

HRA Plan Administrative Fees

First Year Setup Fee \$500 plus \$5/employee	\$5 x 36 employees	\$680.00
Monthly per Employee Administrative Fee \$8/employee (every year)	\$8 x 36 employees	\$288.00
Total first year		\$968.00

Ongoing per Employee Administrative Fee \$8/employee	\$8 x 36 employees	\$288.00
Annual Renewal Fee \$100 plus \$5/employee	\$5 x 36 employees	\$280.00

EXHIBIT F

January 18, 2006

KENT COUNTY WATER AUTHORITY
CASH RECEIPTS & DISBURSEMENTS
FY 2005 - 2006

JULY 2005	AUGUST 2005	SEPTEMBER 2005	OCTOBER 2005	NOVEMBER 2005	DECEMBER 2005	JANUARY 2006	FEBRUAR 2006
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BEGINNING MONTH BALANCE

CASH RECEIPTS:

Water Collections	1,384,491	1,107,471	1,431,580	2,649,225	2,012,320	1,428,717	
Interest Earned	147,784	73,154	78,066	90,242	87,793	95,943	
Inspection Fees	10,800	5,075	24,000	1,055	3,300	26,925	
Contribution in Aid-Construction							
Other							
TOTAL CASH RECEIPTS	39,924,367	37,208,340	37,115,725	38,985,754	39,977,136	39,687,246	120,686

CASH DISBURSEMENTS:

Purchased Water	265,112	410,744	433,464	537,838	734,315	253,256	
Electric Power	30,082	63,082	50,841	35,273	32,521	32,420	
Taxroll	135,262	169,052	98,572	167,264	172,612	138,526	
Operations	85,201	101,422	39,924	98,410	82,918	86,546	
Employee Benefits	53,654	50,952	50,977	46,302	48,695	51,831	
Legal	10,805	5,432	1,229	27,128	10,381	7,881	
Materials	26,143	17,506	3,101	4,505	16,701	6,444	
Insurance	3,171	3,171	8,403	3,036	122,521	122,521	
Sales Taxes	20,474	12,772	7,436	33,662	13,228	8,856	
Refunds	9	-	908	2,156	1,731	5,400	
Rate Case	9,030	4,479	-	17,362	8,500	5,244	
Conservation	-	-	-	-	-	-	
Pilot	8,342	-	-	-	-	-	
Capital Expenditures (Other)	254	-	-	1,465	2,975	4,013	
2002 Infrastructure	950	150	-	665	-	360	
2003 Infrastructure	-	143,367	300	-	204,787	-	
2004 Infrastructure	2,475	534	41,395	-	-	-	
Mishnock Well/Storage/Pump/Trans.	-	-	-	-	-	-	
Frenchtown - Setian Tanks	5,448	128,910	-	280	-	-	
Oaklawn Meter Pit	-	-	-	-	-	-	
Clinton Avenue Pump Station	11,652	133,416	238	47,575	196,980	24,002	
E. G. Well Upgrade	276	99	-	680	-	-	
GIS Development Mapping	49,446	34,521	-	62,192	-	20,685	
Blackrock Road - 24"	48,834	287,754	-	14,254	218,409	24,479	
Colvintown Road - 8"	4,481	363	-	-	-	-	
Mishnock Well - Color Evaluation	-	-	-	-	-	-	
Read Schoolhouse Road	740	935	-	-	-	-	
Read Schoolhouse Road Tank	-	-	-	-	-	5,700	
Mishnock Well - Pilot	9,355	297	-	-	-	-	
Walker Street - Sewer Line	75	1,571	2,423	(234)	195	-	
Greenwich Avenue - Pipe Lining	1,550	7,288	-	3,910	-	-	
Pine Street & Sunset 6"	-	-	-	2,941	2,954	538	
U. S. Bank - Debt Service (P. & I)	3,025,372	-	-	-	-	-	
Water Protection	93,534	48,444	136,514	-	205,523	24,937	
TOTAL DISBURSEMENTS	3,901,727	1,626,261	870,493	1,112,031	1,962,161	817,939	

BALANCE END OF MONTH

36,022,640	35,582,079	36,245,232	37,873,723	38,014,975	38,869,307		
PRIOR YEAR	39,522,032	38,314,669	38,070,078	38,590,286	37,639,123	37,828,292	

EXHIBIT G

January 18, 2006

TASK ORDER NO. 4
BETWEEN
KENT COUNTY WATER AUTHORITY
AND ENGINEER FOR SERVICES

MISHNOCK WELL COLOR TREATMENT TECHNOLOGY EVALUATION
C&E Project No. J0356.01

This is Task Order No. 4 attached and made part of the agreement between Kent County Water Authority (OWNER), and C&E Engineering Partners, Inc. (ENGINEER) dated January 21, 2004 for Well Field Color Removal Treatment Technology Evaluation. This Task Order describes the Scope of Services, Period of Service and Method and Basis of Compensation associated with the performance of additional scope items associated with the development of a pilot test program for recommended technology(s). These additional items specifically relate to review and assessment of the RIDEM Permits to Alter Freshwater Wetlands for the Mishnock Well Field. These include the permit issued on May 18, 2004 and November 18, 2005.

1.0 SCOPE OF SERVICES

Basic Services

- 1 C&E shall obtain copies of the existing Freshwater Wetlands permits, which are to be assessed as part of this project and thoroughly review all technical aspects and requirements associated with compliance. Assisting C&E in this review will be a subcontracted certified wetlands biologists to support C&E in reviewing the permit requirements in relation to current RIDEM Fresh Water Wetland Regulations. The review of these permits will be conducted in consideration that a substantial capital investment will be needed to be made by the Authority to facilitate the permitted withdrawals identified in these permits. C&E will meet with the authority's staff to quantify the anticipated costs of the capital expenditures associated with the development of the Mishnock Well Field and related projects for use in this permit evaluation.

- 2 C&E shall conduct a head to head comparison of the permit issued in May 18, 2004 to the permit issued in November 18, 2005 in an effort to determine and quantify the impacts of the Authority accepting either of these two permits as opposed to maintaining the current Mishnock Well Field permit obtained in the late 1990's for the installation of replacement wells for the existing Mishnock Well Field. Anticipated issues to be reviewed and quantified include the requirements of the permits conditions:
 - Allowable maximum withdrawal rates
 - Seasonal withdrawal requirements
 - Operations monitoring

- Groundwater monitoring requirements
 - Baseline monitoring requirements
 - Flow Augmentation requirements
 - Stream Flow monitoring requirements
 - Wetland hydrology monitoring requirements
 - Vegetative monitoring requirements
 - Permit conditions related to adverse assessments associated with the environmental monitoring programs (i.e. reduce or cease pumping)
- 3 Once the various regulatory requirements of the two permits are quantified, C&E with the assistance a State Certified Freshwater Wetlands Biologist, will attempt to estimate the probable costs of implementing the required monitoring programs associated with each permit as well as the cost of the consequences associated with the required actions should the monitoring programs indicate adverse conditions related to the pumping withdrawal.
 - 4 Upon completion of this evaluation, C&E shall prepare a brief letter report summarizing our findings and conclusions as they relate to the potential consequences of the Authority attempting to manage the proposed Mishnock Well Field under the auspices of RIDEM within the requirements of either of these two permits.
 - 5 Upon request, representatives of C&E would be available to meet with Authority staff and Board Members to discuss our findings and report and if necessary present our findings at a regularly scheduled Board meeting.

It should be noted that C&E is aware that substantial data collection was performed as part of the application of the May 18, 2004 permit. At this point it is not anticipated that the review of this data will be required as part of this work. The work associated with this task order is related to assessing the permit conditions of the two permits and not to dispute whether RIDEM was justified in issuance of said permits. Should review of the permit application data be deemed necessary in the completion of this work, this would be considered an additional service and C&E will prepare a separate task order for this work.

In addition all services conducted herein will be performed in strict confidentiality with the staff of the Authority and its Board Members.

Outside Services

Outside services shall consist of the use of a certified freshwater wetlands biologist to assist C&E in reviewing the technical aspects of the Permits to Alter Freshwater Wetlands.

2.0 PERIOD OF SERVICE

The time period for performance of the services as set forth in the above Scope of Services for the Project shall be approximately 45 days from receipt of a written authorization to proceed. Additional services may materially add to the time required to complete the work of the Project.

C&E Engineering Partners, Inc. will be entitled to an equitable adjustment in the Period of Service as a result of services added.

BASIS OF COMPENSATION

Basic Services

KCWA shall pay C&E Engineering Partners, Inc. for the Scope of Services rendered as described above a Not To Exceed Fee for completion of the tasks as described herein of **Eight Thousand Eight Hundred Fifty Dollars (\$8,850.00)** which includes Basic and Outside Services and Reimbursable Expenses (i.e. mileage, copy, etc.).

4.0 ACCEPTANCE

Acceptance of the terms of this Task Order is acknowledged by the following authorized signatures of the parties to this Agreement.

OWNER

ENGINEER

Kent County Water Authority

C&E Engineering Partners, Inc.

BY: _____
Mr. Francis J. Perry
Chairman

BY: _____
Thomas B. Nicholson, P.E.
President

Address for Giving Notices

Address for Giving Notices

Kent County Water Authority
1072 Main Street
PO Box 192
West Warwick, Rhode Island 02893

C&E Engineering Partners, Inc.
342 Park Avenue
Woonsocket, Rhode Island 02895

Date: _____

Date: _____

EXHIBIT H

January 18, 2006

OFFICE MEMO

To: Board
From: Timothy Brown
Subject: Department of Health Requirements, Private Developments, Royal Crest
Main Break
Date: January 6, 2006

On Wednesday, January 4, 2006 a main break on the private side of Royal Crest Apartments occurred. Since this is private, both the infrastructure and all plumbing after the master meter is the responsibility of Royal Crest to have the repairs made. A number of calls were made on January 5, 2006 to the Department of Health from apartment owners who felt their water system was not potable. We are not sure by whom or the addresses of these apartment owners are, but it was referred to us by the Health Department. We were directed by the Health Department to have tests done within Royal Crest for quality issues since it is their opinion it is our responsibility. I requested that in writing from them and received a call from June Swallow directing us to grab a sample inside of Royal Crest Apartments. A discussion ensued with June Swallow as to ownership issues and I believe a problem now exists between private ownership water systems within our district and who controls and actually operates those systems. It is the Health Department's opinion that it is Kent County Water Authority's responsibility. Certainly I concur that the water quality issue is our responsibility if undisturbed, but not the infrastructure. Regardless, the Health Department still feels it is our responsibility, and we should be overseeing the repairs as well as all issues concerning the operation of systems on the private side.

Even the chlorination of pipes after a break resulted in an extensive discussion I held with June Swallow and the fact it is impossible and unnecessary to inject chlorine in, let it sit, and de-water sections between valves as she feels is necessary. The standard procedure of swabbing of the small section that is repaired is allowed under AWWA requirements. Her method is only "where conditions permit." Furthermore, the fact that a de-watered pipe would have occurred after the isolated section would cause a problem is remote. Her issue was the potential for a backflow condition existing. That is why the state must have a backflow prevention program in place. I need not expand on that as we have tried in vain as an Authority to get some rules and

regulations for backflow prevention in place as well as an introduction of a law. I requested and insisted that the Health Department revise their Rules and Regulations providing us the direction needed concerning issues of this as it is not the licensee's responsibility, nor this Authority's responsibility for private infrastructure. It is their feeling that the licensed operator is responsible. I made it very clear that is not the case and I will not be responsible for private infrastructure. Quality of water issues as far as last running tap based on federal law, of course, is our responsibility as long as it is not disturbed. I volunteered to be on any committee to discuss this, but this issue must be raised to a higher level and regulations or policies by the Health Department must be issued.

This is a very serious issue that I will discuss at the Board meeting and will have another discussion with Ms. Swallow on prior to the Board meeting of the 18th. It does shed light on whether we should allow private developments in our system anymore and whether private developments should ultimately be acquired by the Authority for ownership. The ramifications of us having jurisdiction over private water systems after master meters could be disastrous. I will keep the Board informed if any problems occur at Royal Crest. Currently the repair has been re-excavated and inspected by a licensed plumber. A report will follow from the plumber. Test results at first review appear satisfactory. One more day is needed at the lab for the second test results.

EXHIBIT I

January 18, 2006

KCWA Contract Management Policy for Police Details

1. Prior to design completion of each project, copies of the payment policies for each municipality where construction will occur shall be obtained by the Engineer and incorporated into the contract documents.
2. Construction contractor will be responsible for ordering of police details for construction activity per local police and safety requirements.
3. Field Engineer or Construction Manager to verify that police details are in place for public safety, traffic control, or by policy of municipality. Engineer to report to KCWA if police details are not used in this manner.
4. Field Engineer or Construction Manager is responsible for keeping accurate records regarding police details. Field Engineer to complete KCWA Police Detail Work Form for each officer onsite, each day and incorporate into the daily inspection report.
5. Field Engineer and Contractor to sign police detail slips (from Police Department), as well as KCWA Police Detail Work Report and retain copy. Slips shall be signed by Police Officer(s), Contractor's representative and Field Engineer promptly when the services of the police detail are no longer required.
6. KCWA will forward all direct police detail invoices to Construction Manager for review and approval.
7. Field Engineer to provide a package at the end of each month with all invoices and copies of KCWA Police Detail Work Reports attached along with a compilation spreadsheet of current, historic and to-date police detail billings on the project. Field Engineer or Construction Manager to identify any incorrect charges and make recommendation for payment.
8. KCWA to pay Police Departments directly for all construction details.

KCWA POLICE DETAIL WORK REPORT

PROJECT: _____

LOCATION: Street _____ Town/City _____

CONTRACTOR: _____

DATE: _____

Officer's Name & Badge #	Town/City Police Dept.	Vehicle (yes/no) and #	Start Time	Finish Time	Time for Lunch Break	Hours Worked

SIGNATURE OF OFFICER: _____ **SIGNATURE OF OFFICER:** _____

SIGNATURE OF OFFICER: _____ **SIGNATURE OF OFFICER:** _____

SIGNATURE OF INSPECTOR: _____

SIGNATURE OF CONTRACTOR: _____



797 BALD HILL ROAD
WARWICK, RI 02886

401-821-1330
FAX 401-823-0970
E-MAIL: jjm@petrarcamcgair.com
www.petrarcamcgair.com

FACSIMILE TRANSMITTAL SHEET

Number of pages to be transmitted (including this one)

- 7 -

Date: January 18, 2006

To: Timothy J. Brown

Fax: #823-4810

Re: Public Works Arbitration/
Payment of Police Detail

From: Lewis J. Paras, Esq.

MESSAGE if any:

If there are any problems in receiving, please telephone sender
at: (401) 821-1330 or Facsimile # (401) 823-0970



797 BALD HILL ROAD
WARWICK, RI 02886

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January 18, 2006

Timothy J. Brown, P.E.
General Manager/Chief Engineer
Kent County Water Authority
P.O. Box 192
West Warwick, RI 02893-0192

Re: Public Property and Works
Payment of Police Detail

Dear Tim:

This writing is in response to your inquiry regarding whether Title 37, Chapter 12, Section 10 of the Rhode Island General Laws requires payment of police detail in public works construction projects to be made directly from the withholding authority to the municipality as opposed to payment being made by the contractor with the contractor being paid by the withholding authority. Title 37, Chapter 12, Section 10(d) requires municipalities to bill and be reimbursed by the withholding authority for which the contract is being performed for police traffic control details every thirty days until the project is complete. The statute puts the responsibility on the municipality to directly bill the withholding authority and the withholding authority then paying the municipality for the police traffic control detail. As a result, Kent County Water Authority will have to establish a procedure with the municipalities regarding direct billing by the municipalities to Kent County Water Authority for police traffic control details and subsequent payment of those bills by Kent County Water Authority. Pursuant to the statute, Kent County Water Authority would have the right to deduct and retain from the contract price a sum sufficient to pay the estimated costs of the municipal police traffic controls on any public works project.

Very truly yours,

Joseph J. McGair

JJM:cms

Enc.

FAXED AND MAILED SAME DATE

TITLE 37

Public Property and Works

CHAPTER 37-12

Contractors' Bonds

SECTION 37-12-10

§ 37-12-10 Retainers relating to contracts for public works, sewer, or water main construction.

– (a) Upon substantial completion of the work required by a contract aggregating in amount less than five hundred thousand dollars (\$500,000) with any municipality, or any agency or political subdivision thereof, for the construction, reconstruction, alteration, remodeling, repair, or improvement of sewers and water mains, or any public works project defined in § 37-13-1, the awarding authority may deduct from its payment a retention to secure satisfactory performance of the contractual work not exceeding five percent (5%) of the contract price unless otherwise agreed to by the parties. Upon substantial completion of the work required by a contract aggregating in an amount of five hundred thousand dollars (\$500,000) or greater with any municipality, or any agency or political subdivision thereof, for the construction, reconstruction, alteration, remodeling, repair, or improvement of sewers and water mains, or any public works project defined in § 37-13-1, the awarding authority may deduct from its payment a retention to secure satisfactory performance of the contractual work not exceeding five percent (5%) of the contract price. In the case of periodic payments with respect to contracts less than the aggregate amount of five hundred thousand dollars (\$500,000), the awarding authority may deduct from its payment a retention to secure satisfactory performance of the contractual work not exceeding five percent (5%) of the approved amount of any periodic payment unless otherwise agreed to by the parties. In the case of periodic payments with respect to contracts in the aggregate amount of five hundred thousand dollars (\$500,000) or greater, the awarding authority may deduct from its payment a retention to secure satisfactory performance of the contractual work not exceeding five percent (5%) of the approved amount of any periodic payment.

(b) The retainage shall be paid to any contractor or subcontractor within ninety (90) days of the date the work is accepted by the awarding authority unless a dispute exists with respect to the work. If payment is not made within ninety (90) days for any reason other than a dispute, which, if resolved and it is not the fault of the contractor, interest shall be assessed at the rate of ten percent (10%) per annum on all money which is to be paid to the contractor or subcontractor.

(c) The retainage shall be paid to any contractor or subcontractor within ninety (90) days of the date his or her work is completed and accepted by the awarding authority. If payment is not made, interest shall be assessed at the rate of ten percent (10%) per annum.

(d) There shall also be deducted and retained from the contract price an additional sum sufficient to pay the estimated cost of municipal police traffic control on any public works project. Municipalities shall directly pay the officers working traffic details and shall bill and be reimbursed by the withholding authority for which the contract is being performed every thirty (30) days until the project is complete.

TITLE 37

Public Property and Works

CHAPTER 37-12

Contractors' Bonds

SECTION 37-12-1

§ 37-12-1 Contractors required to give bond – Terms and conditions. – Every person (which word for the purposes of this chapter shall include a copartnership, a number of persons engaged in a joint enterprise, or a corporation), before being awarded a contract by the department of transportation or by the department of administration, as the case may be, and every person awarded such a contract as a general contractor or construction or project manager for the construction, improvement, completion, or repair of any public road or portion thereof or of any bridge in which the contract price shall be in excess of fifty thousand dollars (\$50,000), or for a contract for the construction, improvement, completion, or repair of any public building, or portion thereof, shall be required to furnish to the respective department a bond of that person to the state, with good and sufficient surety or sureties (hereafter in this chapter referred to as surety), acceptable to the respective department, in a sum not less than fifty percent (50%) and not more than one hundred percent (100%) of the contract price, conditioned that the contractor, principal in the bond, the person's executors, administrators, or successors, shall in all things, well and truly keep and perform the covenants, conditions, and agreements in the contract, and in any alterations thereof made as therein provided, on the person's part to be kept and performed, at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the state, the respective department, and all of its officers, agents, and employees, as therein stipulated, and shall also promptly pay for all such labor performed or furnished and for all such materials and equipment furnished, (which as to equipment shall mean payment of the reasonable rental value, as determined by the respective department, of its use during the period of its use), as shall be used in the carrying on of the work covered by the contract, or shall see that they are promptly paid for, whether or not the labor is directly performed for or furnished to the contractor or is even directly performed upon the work covered by the contract, and whether or not the materials are furnished to the contractor or become component parts of the work, and whether or not the equipment is furnished to the contractor or even directly used upon the work. The bond shall contain the provisions that it is subject to all such rights and powers of the respective department and such other provisions as are set forth in the contract and the plans, specifications, and proposal incorporated by reference in the contract, and that no extension of the time of performance of the contract or delay in the completion of the work thereunder or any alterations thereof, made as therein provided, shall invalidate the bond or release the liability of the surety thereunder.

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January 18, 2006

Timothy J. Brown, P.E.
General Manager/Chief Engineer
Kent County Water Authority
P.O. Box 192
West Warwick, RI 02893-0192

Re: Public Works Arbitration

Dear Tim:

This writing is in response to your inquiry as to whether Title 37, Chapter 16, Section 2 of the Rhode Island General Laws entitled Contract Provisions for Arbitration requires that disputes and matters in question in relation to public works contracts be resolved through arbitration. Title 37, Chapter 16, Section 2(b) requires that every contract for the construction, alteration, repair, painting, or demolition of any public building, sewer, water treatment or disposal project, highway or bridge where one party is the state, city, town, authority, board, public corporation or any similar body created by statute or ordinance which has a contract price of \$10,000.00 or more contain a provision for arbitration of disputes and claims arising out of or concerning the performance or interpretation of the contract. The statute further provides the language which is required to be included in the arbitration provision (see attached). Title 37, Chapter 16, Section 2(e) does allow for an alternate arbitration procedure and method for appointment of an arbitrator or arbitrators as long as that alternate procedure is included in the contract and as long as the contract does not involve a highway or bridge construction.

As a result, it will be necessary for Kent County Water Authority to include in its construction contracts an arbitration provision which will require all claims and disputes to be resolved by arbitration.

Very truly yours,

Joseph J. McGair

JJM:cms

Enc.

FAXED AND MAILED SAME DATE

FOUNDED 1972

TITLE 37

Public Property and Works

CHAPTER 37-16

Public Works Arbitration

SECTION 37-16-2

§ 37-16-2 **Contract provision for arbitration.** - (a) A provision in a written contract executed on or after January 1, 1962, for the construction, alteration, repair, or painting of any public building, sewer, highway, bridge, water treatment or disposal projects one party to which is the state, a city, a town, or an authority, a board, a public corporation, or any similar body created by statute or ordinance or any committee, agency, or subdivision of any of them, to settle by arbitration any dispute or claim arising out of or concerning the performance or interpretation of the contract shall be valid, irrevocable, and enforceable, save upon grounds existing in law or equity for the revocation of the contract.

(b) Every contract for the construction, alteration, repair, painting, or demolition of any public building, sewer, water treatment or disposal project, highway, or bridge one party to which is the state, a city, a town, or an authority, a board, a public corporation, or any similar body created by statute or ordinance or any committee, agency, or subdivision of any of them which has a contract price of ten thousand dollars (\$10,000) or more and which is executed on or after July 1, 1967, shall contain a provision for arbitration of disputes and claims arising out of or concerning the performance or interpretation of the contract as follows:

“(2) "All claims, disputes, and other matters in question arising out of or relating to this contract or the performance or interpretation thereof shall be submitted to arbitration. Arbitration shall be commenced by a demand in writing made by one party to the contract upon the other within a reasonable time after the dispute, claim, or other matter in question arose but in no event after payment in full of the contract price has been made and accepted. The written demand shall contain a statement of the question to be arbitrated and a detailed statement of each item or matter in dispute and the name of the arbitrator appointed by that party. The other party to the contract within ten (10) days of the receipt of the written demand shall appoint an arbitrator and give notice in writing thereof to the party who commenced arbitration. The two (2) arbitrators appointed by the parties shall within ten (10) days of the date of the appointment of the second arbitrator select a third arbitrator who shall be designated as chairperson and who immediately shall give written notice to the parties of his or her appointment. The third arbitrator shall select a time, date, and place for hearing and give each party five (5) days notice in writing thereof. The date for hearing shall not be more than fifteen (15) days after the date of appointment of the third arbitrator. The award shall be made promptly by the arbitrators and, unless otherwise agreed by the parties or specified by law, no later than thirty (30) days from the date of closing the hearing, or, if oral hearings have been waived, from the date of the transmittal of the final statements and proofs to the arbitrators. The award shall be in writing and shall be signed by a majority of the arbitrators. It shall be executed in the manner required by law. The arbitrator shall provide a written explanation of the reasoning for the award. In the event the party of whom arbitration is demanded shall fail to appoint his or her arbitrator within the time specified or the two (2) arbitrators appointed by the parties are unable to agree on an appointment of the third arbitrator within the time specified, either party may petition the presiding justice of the superior court to appoint a single arbitrator who shall hear the parties and make an award as provided herein. The petitioner shall give five (5) days notice in writing to the other party before filing his or her petition.”]

(c) Any dispute involving claims less than one hundred thousand dollars (\$100,000) and associated with construction of a highway or bridge as referred to in subsection (b) shall be submitted to arbitration. Any dispute involving claims of one hundred thousand dollars (\$100,000) or more and associated with construction of a highway or bridge as referred to in subsection (b) shall only be arbitrated with the consent of the parties. If the parties fail to consent to arbitration and the state of Rhode Island is a party to the dispute, then the claim will proceed in accordance with § 37-13.1-1.

(d) For the purposes of this section, the term "claims" shall not mean the aggregate amount sought under the contract or in the arbitration, but shall refer specifically to each item or matter in dispute for which additional compensation is sought or for each item for which a credit is sought.

[(e) Notwithstanding subsection (a) or (b) of this section, if any contract except for highway and bridge contracts provides for an arbitration procedure, and a method of appointment of an arbitrator or arbitrators, that method shall be followed instead of the method provided in subsection (b) of this section.]

(f) This section shall apply to all written contracts executed on or after January 1, 1986.

EXHIBIT J

January 18, 2006

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	Await Pilot Program Mishnock
Blackrock Road Transmission Main - CIP-4	KCWA has assumed the Construction Management Services
Clinton Avenue Pump Station Rehabilitation CIP - 7A	Construction On-going
Read School House Road Tank CIP - 7B	Proposal Site Review
Read School House Road Main CIP 7c, 7d; 8a	On hold till tank site is secured.
Mishnock 4 Well Installation	On hold. RFP 4 & 5 plus control facility / T.P.

IFR FUNDED PROJECTS

PROJECT	STATUS
IFR 2003	Construction completed.
IFR 2004	Contract Split Up, Set Bid Date Winter 2005/2006
Geographic Information System Base Map	Completed.
Geographic Information System Second Phase	Mapping Feature Review October Completion Delayed
Knotty Oak Road. Old CIP 5	Construction completed.
Tiogue Tank Modified Service Area	Project closed out.
Setian Lane new pumping station and Frenchtown vault rehabilitation.	Completed.
Setian Lane Tank painting	Completed.
Oaldawn Meter Replacement IFR	Completed.
PWSB 78" / Johnson Blvd. P.S. Modification	Winter 2005/2006 - PWSB Rate Case Settlement
Rehabilitation Mishnock #3	Redevelopment completed.
Revised Hydraulic Model	
Color Study Mishnock Wells	Piloting Study Approval/RFP Preparation
Cleaning & Lining Greenwich Avenue	Design Status Gas Company Conflict - DPUC date for hearing
Spring Lake Well Redevelopment	Completed.
PROJECT	STATUS
Web site preparation	Up and running.
Strategic Plan	For Approval
CCR 2003	Mailed.
Colvintown Road	Completed.

10/11/06