

KENT COUNTY WATER AUTHORITY

BOARD MEETING MINUTES

June 18, 2009

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 June 18, 2009.

Chairman, Robert B. Boyer opened the meeting at 3:30 p.m. Board Members, Mr. Gallucci, Mr. Masterson, Mr. Giorgio, Mr. Inman were present together with the General Manager, Timothy J. Brown, Director of Administration and Finance, Joanne Gershkoff, Technical Service Director, John Duchesneau, Legal Counsel, Maryanne Bevans and other interested parties. The General Manager led the group in the pledge of allegiance.

The minutes of the Board meeting of May 21, 2009 were moved for approval by Board Member Giorgio and seconded by Board Member Masterson and were unanimously approved.

LEGAL MATTERS

Joseph Petrarca, Department of Public Utilities and Carriers

The decision by the Division of Public Utilities and Carriers was rendered by Hearing Officer Lanni which was in favor of Mr. Petrarca. Legal Counsel and the General Manager determined that the decision was contrary to the Kent County Water Authority Rules and Regulations and an appeal was taken and was heard on February 4, 2008 by the Division of Public Utilities and Carriers and decision is now in abeyance from the Hearing Officer. Due to water quality issues on Philip Street, Legal Counsel moved for a postponement of the decision of the Hearing Officer and continued discussion has ensued with the General Manager concerning an amendment of the IFR program. A settlement offer was drafted by the Department of Attorney General and was considered by Legal Counsel and General Manager and accepted. This matter was on hold until the disposition of the 2006 and 2007B bid and the cost is to be determined. On November 13, 2008 a letter was sent to Joseph Petrarca with an original Settlement Agreement for his signature. On December 15, 2008, a follow up letter was sent to Mr. Petrarca since nothing has been received and on December 29, 2008, Mr. Petrarca reneged on his agreement and the matter will continue to be decided by Hearing Officer and a hearing was scheduled to February 25, 2009 and was heard. A decision was entered by the Division on May 4, 2009 which stated that KCWA may require Mr. Petrarca to pay \$10,386.11 as a condition for receiving water service and in the event of a transfer of property by Mr. Petrarca the condition for a water connection shall comport with the findings and conclusion. The appeal deadline date was June 4,

2009 and there was no appeal filed. The Chairman opined of the monetary cost to Kent County Water Authority with respect to this matter.

Department of Health Rules and Regulations

Legal Counsel forwarded to Gregory A. Madoian, Esq., Legal Counsel for the Department of Health, the proposed private water system rules and regulations amendments as pertaining to public drinking water. These amendments were prepared by Legal Counsel, the General Manager and the staff. Legal Counsel also placed a telephone call to Mr. Madoian. Mr. Madoian contacted Legal Counsel who stated that that the rules and regulations will be reviewed the week of April 15, 2007. Legal Counsel subsequently inquired of the Department of Health and it is still being considered. Legal Counsel has and will continue to contact the Department of Health until he receives an answer. This has been a frustrating issue in that the Department of Health has had these proposed regulations since April 9, 2007. Legal Counsel has sent letters and telephone calls in an attempt to schedule a meeting with the General Manager and Department of Health officials who do not seem to be motivated to address this serious issue. Legal Counsel will continue to pursue this issue, albeit there is serious resistance and he sent a letter to the Department of Health Legal Counsel on March 11, 2008 and is awaiting word on a meeting. Legal Counsel telephoned Mr. Madoian on several occasions, including June 12, 2008 and June 26, 2008 and a letter was sent to Mr. Madoian on August 12, 2008. Mr. McGair left a voice mail for Mr. Madoian on September 16, 2008 and there has been no reply as of yet. It is clear that despite efforts that the State is not interested and that the Kent County Water Authority should enact its own regulation and Legal Counsel has drafted legislation to the General Assembly for the January session and it was delivered to the Board for their review on January 12, 2009. The General Manager has forwarded a letter with proposed regulation to the Department of Health for its revised Rules and Regulations and a hearing was held and regulations to be in effect in May, 2009 with no reference to the Kent County Water Authority proposal.

G-Tech

The hearing date was held on April 27, 2009 and the DPUC issued a Division Order on May 20, 2009 which states that the Complaint filed by GTECH Corporation on July 22, 2008 against Kent County Water Authority is hereby denied and dismissed. The deadline for GTECH to file an appeal is June 20, 2009.

Providence Water Supply Board Rate Supreme Court Case

The Providence Water Supply Board rate case is in the Supreme Court appealing the Post City contributions which were denied by PUC and the counsel for DPUC has entered his appearance and Kent County Water Authority has offered to assist Providence Water Supply Board but have not been called upon to date to participate in the appeal and there is no action to take place except to await further notice and monitor Supreme Court decision and hearing.

Harris Mills

The company has gone into receivership. Kent County Water Authority is owed \$3,676.58. Permanent receivership to be appointed. Legal Counsel will monitor for proof of claim filing. A permanent receiver was appointed. A proof of claim prepared and forwarded to the General Manager for signature on September 17, 2008 and will be filed in the Kent County Superior Court and sent to the receiver. Proof of Claim was filed and sent to Received on September 19, 2008. The proof of claim deadline was December 1, 2008. Legal counsel will continue to monitor for payment on claim. As of May 12, 2009, there has been no change in status. Petition to sell was filed by Receiver in Kent County Superior Court on June 5, 2009. Offer to property made which will allow for partial payment of claims. Legal Counsel will monitor progress of sale.

Hope Mill Village Associates

The company is in receivership. Kent County Water Authority is owed \$1,632.44. Legal Counsel to prepare and file Proof of Claim. Proof of Claim was prepared and was forwarded to the General Manager for signatures. Proof of Claim was filed in Kent County Superior Court and was sent to the receiver on August 28, 2008 and as of this date this case is still pending. Hope Mill filed Chapter 11 Bankruptcy on August 20, 2008. Kent County Water Authority was not listed as a creditor. The proof of claim was prepared and signed by the General Manager on November 14, 2008 and was filed with the Bankruptcy Court on November 18, 2008, The proof of claim filing deadline was the end of November, 2008. Pursuant to the plan of reorganization filed by Debtor on November 22, 2008, Kent County Water Authority will be paid in full upon confirmation of the plan by the Bankruptcy Court and Legal Counsel will continue to monitor. As of February 17, 2009 the Court has not scheduled a hearing for confirmation of plan. Debtor will be filing an Amended Plan in March 2009. Legal Counsel will continue to monitor. As of June 16, 2009 the Debtor has not filed an Amended Plan.

West Greenwich Wellhead Protection

Mr. Waltonen has petitioned the Town Council for West Greenwich for a zone change for AP 6, Lot 134 from residential to highway business. The subject lot abuts the wellhead protection area of Kent County Water Authority. The site is currently used for storage and grinding and dying. A portion of the subject site was previously rezoned in 1991 to Highway Business and the Petitioner appeared before the Kent County Water Authority Board at that time and a condition of the 1991 zone change was that Petitioner obtain a letter from Kent County Water Authority approving the final drainage plan. The current petition requests relief from all 1991 conditions including Kent County Water authority approval. Legal Counsel has conducted research including at the West Greenwich Town Hall concerning the petition and Legal Counsel and Kent County Water Authority will monitor and present its concerns and objections to the Zoning Board and the Town Council at the respective January 20, 2009 and February 11, 2009 hearings.

Legal Counsel and the General Manager attended the January 20, 2009 Zoning Board of Review hearing and the matter was continued by the Zoning Board of Review to February 17, 2009 as the applicant had not submitted to the Board the as built plans. The Chairman had requested that the Kent County Water Authority provide a letter to the Zoning Board of Review outlining the concerns of Kent County Water Authority. Legal Counsel forwarded correspondence to the Zoning Board of Review on January 22, 2009. The matter has been continued by the West Greenwich Zoning Board of Review to April 14, 2009 in that the Waltonen Attorney has not filed the necessary documents. Kent County Water Authority received some engineering from Legal Counsel for Petitioner on April 6, 2009. The Zoning Board hearing was held on April 21, 2009 and was continued to June 16, 2009. The Petitioner was required to provide to the Zoning Board within 30 days from April 22, 2009, a plan depicting existing site conditions and all items stored on the site including recreational vehicles, containers, mulch, stumps as well as aerial views and a list of all business uses. The Board is also requiring that any plans to be submitted by application to DEM be submitted to an independent professional engineer for review prior to DEM submission. The engineer will be picked by the Town and paid for by applicant.

On June 16, 2009, the Zoning Board of Review required Petitioner to provide to the Board drainage calculations existing at 1992, drainage calculations for current site conditions and calculations for proposed site uses. Further, the Board is requiring Petitioner to provide a list and brief description of all businesses on site accompanied by affidavit. The information is to be submitted by August 15, 2009 and the matter is continued to September 15, 2009.

West Greenwich Technology Tank/Rockwood

This matter may soon be in litigation in that Rockwood Corporation has failed to take any steps and has continually denied to take any steps in the painting issues inside of the tank and on February 16, 2009 their surety, Lincoln General Insurance Company, denied the claim as well. The matter will be reviewed between the General Manager and Legal Counsel. Rockwood sent a proposal to Legal Counsel on March 31, 2009 and the General Manager weighed the same and a response was sent to Rockwood on April 24, 2009. On May 2, 2009 Rockwood sent another proposal and the General Manager responded to the same on May 8, 2009 requesting a written remedial plan proposal within ten days. On May 8, 2009 Rockwood responded by asking the General Manager to reconsider his position. On May 12, 2009 the General Manager sent correspondence to Rockwood stating the Authority will await Rockwood comments to KCWA letter of May 8, 2009. On May 13, 2009 Rockwood provided an additional response to the KCWA letter of May 8, 2009 with questions. On May 13, 2009 the General Manager sent correspondence agreeing to provide Rockwood with more time to complete a plan of remediation for an additional 10 days. On May 14, 2009, Rockwood sent a response and the General Manager, Merithew and Rockwood to have an informal meeting to work out details. The meeting took place and the Authority is monitoring the efforts of Rockwood to remedy the situation.

Director of Finance Report:

The General Manager stated that the poor state of the economy is hampering the collection process and Kent County Water Authority is working very hard on collections.

The Chairman had asked the General Manager regarding the service terminations due to economic realities and the General Manager instructed the Board on the procedure.

Joanne Gershkoff, Finance Director, explained and submitted the financial report and comparative balance sheets, statements of revenues, expenditures, cash receipts, disbursements and comparative balance sheets and statements of revenue through May, 2009, as evidenced and attached as “**A**” and after thorough discussion, Board Member Gallucci moved and seconded by Board Member Masterson 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 by the Board Members present,

VOTED: That the financial report, comparative balance sheet statement of revenues, expenditure, cash receipts, disbursements and comparative balance sheets and statements of revenue through May, 2009 be approved as presented and be incorporated herein and are made a part hereof as evidenced and attached as “**A**”.

Point of Personal Privilege and Communications:

Board Member Masterson stated that the Town of East Greenwich had difficulties with an athletic field which is located in a low service area, including irrigation of the field. Caito & Associates is the engineer and at the Town meeting, Board Member Masterson suggested a meeting of the engineer with Kent County Water Authority regarding the application. The application was submitted and the General Manager and John Duchesneau reviewed the application expeditiously and approved the application and the Town Officials were appreciative of the assistance of Kent County Water Authority in this matter.

The Chairman stated that given the severe economic times, he suggested sending a memo to all employees to continue to treat customers in a respectful manner. The General Manager stated that the employees including the customer service representatives have been very patient and courteous with the customers of Kent County Water Authority.

GENERAL MANAGER/CHIEF ENGINEER’S REPORT
Old Business

Rate Case Review Status

The General Manager stated the Supreme Court is on hiatus for July and August, 2009 and the matter of the Writ should be heard in the Fall, 2009. The pass through rate case was filed this week and no action will be taken until November, 2009. If Providence is granted something, it is passed through Kent County Water Authority revenue stream. Testimony and data requests will follow.

Waltonen Property Zoning Change

This matter was discussed infra.

Controller of the Currency Complaint

Legal Counsel sent a follow up letter to the Controller of the Currency on June 11, 2009. Kent County Water Authority is pursuing return of the funds.

New Business

Stop & Shop, Tiogue Avenue Detention Pond Cleanup Status

The General Manager stated that Kent County Water Authority conducted an on-site view on June 15, 2009 and Stop & Shop had not performed any remediation. Stop & Shop made a commitment to Kent County Water Authority to remediate and maintain the detention pond and nothing was done. Legal Counsel sent e-mails to opposing counsel to obtain a response. The detention pond is not being maintained despite the previous assertions made by Stop & Shop that action would be taken.

Legal Counsel Engagement, RFP Review

Board Member Gallucci stated that the RFP was advertised last year and Kent County Water Authority received no responses. Board Member Gallucci did not want Kent County Water Authority to spin its wheels with respect to an RFP to write specification for legal services. Board Member Gallucci opined that the legal services of Petrarca and McGair, Inc. should be extended for one (1) year from July 1, 2009 to June 30, 2010.

Board Member Inman clarified that the RFP is to develop specifications for legal services RFP. Board Member Inman and the Chairman did not like the ad language. The Chairman suggested that Kent County Water Authority obtain a payout of legal services for the past five (5) years.

The Chairman stated that Petrarca and McGair, Inc. has provided excellent legal services to Kent County Water Authority for the past 26 years and that Joseph J. McGair is thorough and always fights for Kent County Water Authority. He further stated that Kent County Water Authority needs attorneys who know the entire operation

of Kent County Water Authority. The Chairman informed the Board that he is hesitant to engage new attorneys during these difficult economic times and if a new legal counsel is engaged, there would be a loss of valuable time to Kent County Water Authority, especially in light of the present understaffing of Kent County Water Authority. The Chairman closed by stating that Joseph J. McGair represents Kent County Water Authority very well and it is more cost efficient to Kent County Water Authority to retain the services of Petrarca and McGair, Inc.

Board Member Gallucci stated that there is no statutory or administrative requirement that Kent County Water Authority RFP for legal services. He opined that a flat fee for Legal Services is unrealistic and will not work.

Board Member Inman reiterated his position that legal services should go out for RFP.

It was moved by Board Member Inman and seconded by Board Member Gallucci that Kent County Water Authority RFP to write specifications for legal services. The Board Members voted as follows: Board Member Inman voted in the affirmative and Board Members Masterson, Board Member Gallucci, Board Member Giorgio and the Chairman voted in the negative and the motion was denied.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to engage the legal services of Petrarca and McGair, Inc. for Kent County Water Authority from July 1, 2009 to June 30, 2010 and it was unanimously,

VOTED: To engage the legal services of Petrarca and McGair, Inc. for Kent County Water Authority from July 1, 2009 to June 30, 2010.

Senate Bill 808 & House Bill 5056, Action Required, Resolution Approval

The General Manager informed the Board that there are two General Assembly bills with respect to hydrant fees. The bills were introduced in the Senate in March and the House in January and the only change in the bills is that one of the representatives withdrew their name from the bill. The General Manager recommended that the Board take no action at this time.

Budget Approval

The General Manager provided the Board Members with the proposed budget for fiscal year 2010 as evidenced and attached as "B". He stated obviously that the budget revolves around revenue and growth can not be considered to be realistic because the Kent County Water Authority customer base surely will decrease due to foreclosures and the economic downturn. He stated that wholesale water and revenue may increase. Salary increases are included into the budget. For the future, the General Manager recommended that the Board review management structure.

The General Manager stated that the IFR programs are ongoing. Specifically, Quaker Lane station for high service and the Mishnock treatment facility and Route 2 service projects. Projected revenues are approximately twenty million dollars and expenses are estimated at approximately nine million dollars.

The General Manager referred the Board to page 2 of the budget with respect to budget year operating revenues. He stated that there will not be much of an increase in expenses except for labor due to the affect of the current open positions, employees receiving Temporary Disability Insurance and workers compensation. Total expenditures are projected at eleven million dollars to twelve million dollars.

The General Manager then referred the Board to pages 12 and 13 with respect to IFR funding. He stated concerns in trying to balance \$5.4 million per year IFR funding with project needs and with the capital bond funded amount. There would be a shortfall if all projects went forward and that there are insufficient funds for the Mishnock transmission facility, therefore, the General Manager is not proposing this project to be constructed under the current bond funds.

The Chairman and Board Member Gallucci raised the issue of and the Board Members discussed additional consideration to address the many hours which have been expended to Timothy J. Brown, P.E., General Manager and John R. Duchesneau, Director of Technical Services, (both of whom exited the room during the discussion and returned immediately thereafter) necessitated by the absence of the staff engineer.

It was moved by Board Member Gallucci and seconded by Board Member Giorgio to approve the budget inclusive of payroll and to extend additional consideration to Timothy J. Brown, P.E., General Manager and John R. Duchesneau, Director of Technical Services, to address the many hours which have been expended by Timothy J. Brown, P.E., General Manager in the amount of \$4,000 and John R. Duchesneau, Director of Technical Services in the amount \$2,000 necessitated by the absence of the staff engineer and it was unanimously,

VOTED: To approve the budget as evidenced and attached as “B” inclusive of payroll and to extend additional consideration to Timothy J. Brown, P.E., General Manager and John R. Duchesneau, Director of Technical Services, to address the many hours which have been expended by Timothy J. Brown, P.E., General Manager in the amount of \$4,000 and John R. Duchesneau, Director of Technical Services in the amount of \$2,000 necessitated by the absence of the staff engineer.

CAPITAL PROJECTS:
INFRASTRUCTURE PROJECTS:

Quaker Lane P.S. Design (Project Bidding, Task Order Clinton VFD Addition/Approval)

The General Manager presented and recommended approval of Task Order No. 3 by C & E Engineering Partners, Inc. to install VFD's (variable speed frequency drive units) to be linked to Clinton Booster Station bid project as evidenced and attached as "C" in the amount of \$17,850.00 and the General Manager stated that it is necessary and the amount is fair and reasonable and he recommends the same.

It was moved by Board Member Masterson and seconded by Board Member Gallucci to approve Task Order No. 3 by C & E Engineering Partners, Inc. to install VFD's (variable speed formatting drive units) to be linked to Clinton Booster Station bid project as evidenced and attached as "C" in the amount of \$17,850.00 and it was unanimously,

VOTED: To approve Task Order No. 3 by C & E Engineering Partners, Inc. to install VFD's (variable speed formatting drive units) to be hooked to Clinton Booster Station bid project as evidenced and attached as "C" in the amount of \$17,850.00

All other Capital Projects and Infrastructure Projects were addressed by the General Manager and described to the Board by the General Manager with general discussion following and are described on Exhibit "D" .

The Chairman made a Motion to adjourn, seconded by Board Member Giorgio and it was unanimously,

VOTED: To adjourn the meeting at 5:40 p.m.

Secretary Pro Tempore

EXHIBIT A

June 18, 2009

KENT COUNTY WATER AUTHORITY
CASH RECEIPTS & DISBURSEMENTS
FY 2008 - 2009

	JULY 2008	AUGUST 2008	SEPTEMBER 2008	OCTOBER 2008	NOVEMBER 2008	DECEMBER 2008	JANUARY 2009	FEBRUARY 2009	MARCH 2009	APRIL 2009	MAY 2009	JUNE 2009		
BEGINNING MONTH BALANCE														
CASH RECEIPTS														
Water Collections	1,816,607	1,314,522	1,294,868	2,456,157	1,523,623	1,291,522	1,901,499	1,577,086	1,443,538	1,911,098	997,945	1,475,994.00	ADJ 5	1,282,512.14
Interest Earned	113,152	40,948	57,310	24,160	4,740	344	51,190	6,599	9,509	13,126	5,157	1,003,888.58	SEP 5	2,591,977.86
Inspection Fees	250	250	1,580	6,500	7,800	129						1,233,128.13	OCT 5	1,215,110.52
Contribution in Aid-Construction												993,591.82	NOV 5	2,175,786.74
Other												807,416.94	DEC 5	1,211,152.49
												1,581,914.86	JAN 5	1,038,377.48
												899,082.17	FEB 5	1,841,986.53
												899,016.31	MAR 5	994,060.30
												1,898,043.21	APR 5	943,546.22
													MAY 5	
													JUN 5	
TOTAL CASH RECEIPTS	30,700,079	33,161,173	35,131,566	35,912,112	34,987,503	33,649,416	33,988,611	33,750,322	34,013,923	35,030,286	34,671,923	37,770,320		
CASH DISBURSEMENTS														
Purchased Water	420,381	547,312	490,477	563,167	366,430	228,831	310,443	380,127	293,006	286,010	316,454	376,454		
Electric Power	49,317	54,160	56,948	40,491	43,945	10,796	26,376	81,783	60,094	21,710	33,451	33,451		
Payroll	176,689	146,667	141,111	175,925	141,894	302,214	175,612	143,618	165,249	144,219	134,452	134,452		
Operations	131,148	71,752	140,028	77,876	80,167	19,323	39,446	58,592	56,344	81,208	61,925	61,925		
Employee Benefits	32,673	48,674	53,704	48,913	45,913	243,290	50,233	49,092	42,343	44,358	44,481	44,481		
Legal	3,801	6,151	4,692	2,837	3,234	3,234	5,097	3,366	13,159	7,141	7,141	7,141		
Materials	68,915	27,519	10,108	28,561	8,033	7,568	31,210	19,284	25,138	7,668	38,216	38,216		
Insurance	4,787	4,787	5,838	4,787	4,879	9,164	4,879	9,759	63,028	63,028	6,197	6,197		
Sales Taxes	25,987	10,418	10,418	20,562	9,868	9,164	27,748	10,443	9,140	25,472	6,197	6,197		
Refunds	1,058	127	40	40	40	40	40	2,007	2,007	1,664	2,049	2,049		
Risk Case	6,657		11,763	23,128	11,898	43,315	3,678	903	8,114	11,681	11,681	11,681		
Conservation														
Pilot	8,325		470	302		469			12,813		12,813	12,813		
Capital Expenditures (Other)														
2004 Infrastructure	5,641	127,949	330,770	538,298	486,915	256,170	134,159	13,427	8,621	26,567	69,143	69,143		
Mistlock Well/Storage/Pump/Turns	29,797	513		25,547			2,143							
Clinton Avenue Pump Station	1,681													
E. G. Well Upgrade														
Read Schoolhouse Road - Main	1,583,147	280,207	190,299	18,577	26,791	3,797	9,024	1,530	10,010	6,076	2,551	2,551		
Read Schoolhouse Road - Tank	3,006	2,040	73,361	809,063	\$56,403	308,228	37,718	586	3,225		22,590	22,590		
Greenwich Avenue - 8" & 12" Mains	628	571	15,013	79,875							67,383	67,383		
2006A Infrastructure	12,226	22,255	38,153	13,439	\$90,250	9,201	3,007	176,763	3,458	7,487	8,566	8,566		
Quaker Lane Pump Station	1,673	1,933	942	3,915	2,510	2,510	5,290	779	7,487	2,276	730	730		
2007 Infrastructure	2,300	2,300	785	3,909	19,692	253,582	233,881	12,209	154,923	44,178	686,611	686,611		
Garcon Street 8"	2,286	620	336							2,989	19,723	19,723		
Arthur-Bleich-Jefferson 8"	83,835	8,292	8,857	6,935	11,708	8,510	2,584	546	17,270	6,768	1,500	1,500		
2009 Infrastructure														
Tobin Street 8"														
U. S. Bank - Debt Service (P & I)														
Water Protection	33,694	18,805	114,947	36,606	117,642	14,873	99,230	15,012	12,608	105,930	81,205	81,205		
TOTAL DISBURSEMENTS														
	5,894,624	1,383,387	1,706,411	2,461,680	2,631,344	1,613,555	1,808,984	1,131,487	966,881	1,361,255	1,672,711	1,672,711		
BALANCE END OF MONTH	31,803,455	31,777,788	31,425,155	31,450,432	32,356,161	32,005,861	32,149,627	32,598,835	33,077,042	33,669,011	32,994,261	32,994,261		
PRIOR YEAR	35,847,101	35,697,152	36,090,016	35,454,967	35,311,082	34,811,034	34,931,570	34,995,220	35,228,014	38,007,533	37,685,563	37,770,320		

NINETY CHURCH WARDEN AUTHORITY
CASH ACCOUNT
FISCAL YEAR 08-09

CASH ACCOUNT	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
China Bank - Royal	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00
Fleet Truck - Budget	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31	\$ 9,920.31
Fleet Bank - Checking	\$ 18,930.03	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85	\$ 18,281.85
	\$ 142,926.33	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75	\$ 142,411.75
UJ - St Mark - Project Funds												
Revenue	\$ 41,409.47	\$ 31,246.04	\$ 33,013.89	\$ 277,247.76	\$ 221,822.82	\$ 67,123.51	\$ 133,410.08	\$ 120,315.69	\$ 26,699.23	\$ 32,240.11	\$ 41,388.27	\$ 57,931.93
Infrastructure Fund	\$ 2,008,109.64	\$ 6,598,524.70	\$ 6,598,128.76	\$ 6,818,239.90	\$ 5,588,508.18	\$ 3,008,316.18	\$ 5,651,752.15	\$ 6,034,162.97	\$ 6,336,975.56	\$ 6,107,328.96	\$ 5,769,906.43	\$ 5,769,906.43
Operation & Maintenance Fund	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Renewal & Replacement Fund	\$ 8,308,250.00	\$ 1,398,250.00	\$ 2,151,575.90	\$ 2,151,575.90	\$ 2,151,575.90	\$ 2,151,575.90	\$ 2,364,810.21	\$ 448,589.66	\$ 2,365,927.18	\$ 2,566,219.68	\$ 2,566,992.74	\$ 2,566,992.74
General Project - 2008	\$ 97,794.45	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14	\$ 785,152.14
Debt Service Fund - 2001	\$ 781,121.00	\$ 159,078.79	\$ 225,888.67	\$ 0.00	\$ 0.00	\$ 291,815.41	\$ 351,640.00	\$ 375,329.98	\$ 448,624.99	\$ 507,068.03	\$ 572,931.93	\$ 781,121.00
Debt Service Reserve - 2001	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00	\$ 781,121.00
Cost of Insurance - 2001	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
General Project - 2002	\$ 149,340,625.91	\$ 19,155,912.08	\$ 18,927,469.20	\$ 18,110,529.06	\$ 12,460,961.24	\$ 17,160,386.00	\$ 17,137,919.00	\$ 17,004,868.08	\$ 17,009,838.63	\$ 16,923,660.70	\$ 16,839,660.81	\$ 16,839,660.81
Debt Service Fund - 2002	\$ 211,270.90	\$ 368,975.19	\$ 520,156.71	\$ 682,329.85	\$ 838,966.21	\$ 995,885.22	\$ 696,519.15	\$ 887,667.28	\$ 1,001,758.54	\$ 1,164,495.69	\$ 1,317,147.84	\$ 1,470,000.00
Debt Service Reserve - 2002	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01	\$ 1,823,568.01
Cost of Insurance - 2002	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Debt Service Fund - 2004	\$ 1,751,413.01	\$ 282,108.50	\$ 282,108.50	\$ 403,316.28	\$ 598,819.11	\$ 704,231.51	\$ 692,193.90	\$ 797,668.03	\$ 903,371.96	\$ 1,008,918.53	\$ 1,114,421.15	\$ 1,220,000.00
Debt Service Reserve - 2004	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98	\$ 1,279,082.98
Cost of Insurance - 2004	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Redemption Account - 2004	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	\$ 31,805,154.74	\$ 31,777,787.51	\$ 32,523,158.78	\$ 31,450,482.30	\$ 32,581,611.15	\$ 32,095,866.80	\$ 32,419,650.78	\$ 32,598,855.77	\$ 31,072,202.50	\$ 31,669,010.96	\$ 32,543,261.53	\$ 32,543,261.53

EXHIBIT B

June 18, 2009

BUDGET MEMO

To: Board Members
From: Timothy Brown
Subject: Fiscal Year 2010 Budget
Date: June 16, 2009

GENERAL:

The attached budget was prepared by utilizing actual Fiscal Year 2007 and 2008 expense and revenue line items, 2009 unadjusted line items with 10 months actual and two months estimated. Each individual account was reviewed based upon our past expenditures, our most recent rate filing and our anticipated expenditures for this year. The operation revenue line item is based on our rate filing, current estimates with no growth considered. This has been difficult due to the unexpected and drastic economic slow down, wet season and a definite decrease in usage. We do anticipate the Providence Water Supply Board rate filing will be approved in the second half of this fiscal year. It will be a "pass through" and have a "0" impact on the budget outside of intervention costs. The attached sheets will outline capital expenditures, revenues, payroll and outside services based upon anticipated operations. The establishment of the operation reserve will occur but is not shown as a separate item in the budget. The anticipated infrastructure schedule and its projects are included. These projects are critical and their completion is time sensitive. The adoption of the state legislation on water supply is pending. If enacted, a review of the implications on this budget will need to be undertaken. At some point a rate filing to implement the rate impacts will be required. No Kent County Water Authority rate case is proposed to be effective this budget year.

FIXED ALLOTMENTS:

There are, again, fixed allotments or allocations placed within this budget as was in previous years. They are bond related capital and infrastructure-restricted accounts. The trustee funds the accounts as required from the revenue on a month-by-month basis. The infrastructure restricted account is under funded based on the approved plan. We are funding it to the approved PUC allocation and have a challenge pending at the Supreme Court.

SUMMARY OF BUDGET HIGHLIGHTS:

1. Salary increases are included in accordance with the salary structure as proposed by Kent County Water Authority vs. the PUC approved in the last rate filing. This is a disputed issue and is pending at the Supreme Court.
2. Employee Insurance contributions have not been considered as it is a disputed item and pending at the Supreme Court.
3. Insurance and Workers' Compensation have been established based on known information. The insurance premium is only proposed at this time but has remained steady.
4. Conservation Program is being carried at the usual regulated estimate of \$36,000.
5. Studies are carried at the regulated estimate of \$25,000.
6. This year requires a minimum pension contribution of \$260,000.00 and has been moderated based on the actuary study to balance market returns.
7. Cross Connection Control Software purchase is included in the budget to begin the implementation of the state law.

CURRENT BUDGET POLICY:

The current budget policy in effect, unless modified, will control the outside budget expenses. The five aspects of the policy are:

1. Line item shifts of “excess” money will not occur during the budget year without board approval.
2. All emergency uses of funds, as approved by the Board in advance, will be assigned to the proper line item of the budget year if funds are not available.
3. Emergency use of funds caused by failure of the system will be determined by the General Manager with concurrence of the Chairman and brought to the next regular scheduled Board meeting for review and approval.
4. It is the intention of the Board to review the budget monthly in regards to the monthly estimated budget and the yearly budget total.
5. The Board reserves the right to amend this policy at any time by majority vote.

QUESTIONS AND ACTIONS BY BOARD:

Supply still remains the largest and most complex question the Board needs to answer. Current growth has ceased, we are however trying to catch up and resolve deficient supply under maximum day demand conditions. Luckily, the weather has been favorable with a continued wet pattern. This affects sales, but controls demand. Any economic upswing will change that dynamic and we again may see development resume with supply being deficient.

We have a supply source strategy for the company through the actions of this Board and is implemented. It is a strong program which will need new funding. It is imperative that we continue to move forward with these programs. The new Capital Program details this and will allow us to include them a future rate filing. The programs have been coordinated with the strategic plan for conformance.

The last question the Board may wish to consider during this budget process is the management structure of the Authority. No action has been taken on this in previous budget years. As we have discussed before, the company is at a point where management system should be implemented for this company based on the goals and mission of the Board. Salary increases for key strategic personnel included. The board should look at internal vulnerabilities in regards to personnel. We are stretched very thin in key areas, and it will be difficult to fill them with

qualified individuals if an opening arises. The Board should secure its options and review a structure implementation to protect itself from any vulnerability.

DIRECTION:

The direction of the company this year will be:

1. Upgrade the Quaker Booster Station.
2. Seek funding and proceed with the Route 2 high service interconnection.
3. Implement 5-year Capital Improvement Program.
4. Implement the 5-year Infrastructure Renewal and Replacement Program.
5. Complete implementation of the proceeds from all bond sales (2002 Series A). This is critical prior to any future general rate filing. Emphasis on Mishnock Treatment.
6. Continue the annual implementation of our ongoing infrastructure programs, 2009B and 2010.
7. Develop the frame work for the Cross Connection Control Program and develop implementation plan.
8. Continue to operate and service our customers with courtesy, professionalism and a quality product. We will continue our emphasis on implementing customer service strategies.

This Authority continues to be responsive to the future needs of our customers. We continue to meet that challenge by our programs. I know the Board feels the same as I do to improve and modernize to the benefit of our customers and to the quality of our product at reasonable prices that they are familiar with. As our infrastructure program continues, our customers are seeing the benefits of the everyday operation of the new system improvements. Our capital programs make great strides in addressing poorly serviced areas and storage/supply needs.

Our Flushing Program continues and is included in this budget. We cannot forget how this program will benefit the public health and safety for many years to come. Our GIS mapping and proposed new operator will advance the overdue records update. The Board's leadership and

understanding have again this year been exemplary and customers owe a debt of gratitude to the Board for the programs that are being implemented and for the foresight into the many decades that these improvements will serve. I know I share with the members of the staff that we will continue to strive for these ideals of quality of service, quality of product and our unceasing dedication to the organization and the Board. The staff and I owe the Board a thank you for their support and direction each and every day through this past year and anticipation of the upcoming fiscal year. The implementation of this budget will continue in this direction.

KENT COUNT WATER AUTHORITY
FISCAL YEAR 2009 / 2010
ANNUAL BUDGET

Approved _____

SUMMARY SHEET

OPERATING:

PROJECTED TOTAL REVENUES	\$20,170,897
PROJECTED TOTAL OPERATING EXPENSES	<u>\$9,325,786</u>

INCOME	\$10,845,111
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RESTRICTED DEBT SERVICE REQUIRED	\$3,892,213
IFR RESTRICTED	\$5,400,000
CASH CAPITAL RESTRICTED	<u>\$100,000</u>

TOTAL RESTRICTED REQUIRED	\$9,392,213
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ACCT. #	2009/2010 BUDGET YEAR OPERATING REVENUE	FY	FY	FY	FY	%
		06-07 Actual	07-08 Actual	08-09 10+2	09-10 BUDGET	
461A	METERED SALES RESIDENTIAL	\$10,599,980	\$11,107,297	\$12,322,027	\$13,516,605	9.7%
461B	METERED SALES COMM / IND	\$3,428,869	\$3,262,713	\$3,184,194	\$3,689,099	15.9%
462	PRIVATE FIRE PROTECTION	\$179,136	\$174,938	\$156,531	\$181,832	16.2%
463	PUBLIC FIRE PROTECTION	\$1,089,366	\$1,104,558	\$1,054,416	\$1,283,675	21.7%
464	SALES TO PUBLIC AUTHORITIES	\$544,128	\$574,276	\$646,117	\$719,809	11.4%
466	SALES FOR RESALE	\$91,935	\$124,166	\$106,117	\$118,461	11.6%
471	MISC. SERVICE REVENUE (Interest)	\$179,134	\$226,567	\$150,482	\$165,000	9.6%
474	OTHER WATER REVENUES (WP Admin Fe	\$56,718	\$56,642	\$48,319	\$53,000	9.7%
415	PROFIT ON METER SALES	\$2,660	\$4,175	\$590	\$600	1.7%
416	PROFIT FOR MATERIAL & LABOR	(\$276)	\$10,590	\$47,079	\$47,079	0.0%
		\$16,171,650	\$16,645,921	\$17,715,872	\$19,775,159	11.6%
NON OPERATING INCOME						
419	INTEREST ON INVESTMENTS	\$1,794,893	\$336,200	\$381,887	\$395,638	3.6%
421	DISCOUNT ON PURCHASE	\$250	\$200	\$97	\$100	3.3%
434	MISC. CREDIT TO SURPLUS					
	TOTAL	\$1,795,143	\$336,400	\$381,984	\$395,738	3.6%
	TOTAL REVENUE	\$17,966,793	\$16,982,321	\$18,097,856	\$20,170,897	11.5%
OPERATING EXPENSES						
SOURCE OF SUPPLY						
601	OPERATION & LABOR	\$14,597	\$14,266			
602	PURCHASED WATER	\$3,643,939	\$4,316,130	\$4,336,541	\$4,345,718	0.2%
614	MAINTENANCE/WELLS			\$6,599	\$6,600	0.0%
	TOTAL	\$3,658,536	\$4,330,396	\$4,343,140	\$4,352,318	0.2%
PUMPING						
621	FUEL FOR PUMPING	\$8,450	\$6,438	\$5,626	\$5,700	1.3%
623	POWER PURCHASED	\$521,284	\$492,970	\$510,110	\$511,000	0.2%
624A	PUMPING LABOR	\$64,875	\$81,998	\$66,538	\$87,100	30.9%
624B	PUMPING EXPENSE	\$2,187	\$2,724	\$4,578	\$4,600	0.5%
631	MAINTENANCE/STRUCT/IMP.	\$34,808	\$35,004	\$36,207	\$36,327	0.3%
633	MAINTENANCE PUMPING EQUIP.	\$36,264	\$41,604	\$33,905	\$34,000	0.3%
	TOTAL	\$667,868	\$660,738	\$656,963	\$678,727	3.3%
WATER TREATMENT						
641	CHEMICALS	\$102,910	\$71,995	\$108,426	\$110,000	1.5%
642A	OPERATION LABOR	\$74,507	\$77,817	\$76,527	\$82,400	7.7%
642B	OPERATION EXPENSE	\$28,804	\$48,748	\$46,538	\$47,000	1.0%
651	MAINTENANCE OF STRUCTURE					
652	MAINTENANCE OF WATER TR.	\$1,608	\$2,310	\$4,494	\$4,500	0.1%
	TOTAL	\$207,829	\$200,870	\$235,986	\$243,900	3.4%
TRANSMISSION & DISTRIB.						
661	STORAGE FACILITIES	\$520	\$133	\$837	\$850	1.5%
662A	LABOR	\$29,163	\$23,107	\$29,210	\$30,200	3.4%
662B	SUPPLIES EXPENSE	\$39,804	\$34,754	\$38,349	\$38,500	0.4%
663A	METER EXPENSE LABOR	\$30,775	\$20,428	\$31,787	\$32,900	3.5%
663B	METER EXPENSE MATERIAL	\$5,963	\$7,084	\$11,091	\$11,100	0.1%
664A	CUSTOMER INSTALLATION					
664B	CUSTOMER INSTALLATION SUP.					
665	MISCELLANEOUS	\$15,389	\$13,011	\$13,796	\$14,000	1.5%
671	MAINT. STRUCTURES & IMP.	\$223	\$1,313	\$1,059	\$1,075	1.5%
672	MAINT. RESV. & STAND PIPES	\$50,799	\$8,565	\$8,339	\$8,500	1.9%
673	MAINTENANCE MAINS	\$912,017	\$630,585	\$523,823	\$575,008	9.8%
675	MAINTENANCE SERVICES	\$168,421	\$190,656	\$155,849	\$166,161	6.6%
676	MAINTENANCE METERS	\$80,045	\$102,240	\$116,421	\$115,610	-0.7%
677	MAINTENANCE HYDRANTS	\$84,307	\$101,097	\$100,128	\$99,972	-0.2%
679	TRAN. TO CONST. & CUST	(\$7,567)	(\$26,079)	(\$8,540)	(\$8,540)	0.0%
	TOTAL	\$1,409,859	\$1,106,893	\$1,022,150	\$1,085,336	6.2%

	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 10+2	FY 09-10 BUDGET	%	
CUSTOMER ACCOUNTING						
902A	METER READING LABOR	\$74,300	\$84,091	\$73,467	\$75,900	3.3%
902B	METER READING SUPPLIES			\$976	\$1,000	2.4%
903A	CUSTOMER RECORDS LABOR	\$155,527	\$171,789	\$162,491	\$170,500	4.9%
903B	CUSTOMER RECORDS SUPPLIES	\$56,775	\$55,636	\$84,988	\$85,000	0.0%
904	UNCOLLECTIBLE ACCOUNTS					
	TOTAL	\$286,602	\$311,515	\$321,922	\$332,400	3.3%
ADMINISTRATIVE & GENERAL						
920	ADMINISTRATIVE SALARIES	\$321,593	\$355,634	\$293,063	\$376,700	28.5%
921	OFFICE SUPPLIES & EXPENSE	\$119,366	\$120,678	\$138,708	\$139,000	0.2%
923	OUTSIDE SERVICES	\$126,625	\$172,141	\$125,030	\$131,400	5.1%
924	PROPERTY INSURANCE & WC	\$158,684	\$177,076	\$177,768	\$178,000	0.1%
925	INJURIES & DAMAGES	\$283		\$306	\$310	1.3%
926	EMPLOYEE PENSION & BENEFITS	\$683,739	\$734,221	\$822,666	\$934,350	13.6%
928	REGULATORY COMMISSION	\$45,694	\$131,826	\$152,088	\$82,500	-45.8%
930	MISC. GENERAL EXPENSE			\$342	\$350	2.3%
930A	FISCAL AGENT FEE	\$34,000	\$35,666	\$20,317	\$20,350	0.2%
930B	FEE & EXPENSE WATER	\$15,083	\$15,073	\$13,712	\$15,000	9.4%
930C	CONSERVATION PROGRAM	\$1,000	\$15,493		\$36,000	
932A	MAINTENANCE GENERAL PLANT	\$198,157	\$171,410	\$169,902	\$175,434	3.3%
932B	MAINTENANCE VEHICLES	\$105,368	\$100,680	\$102,926	\$100,411	-2.4%
933	UNASSIGNED TIME VAC. HOL. SICK	\$244,044	\$241,628	\$255,119	\$263,300	3.2%
	TOTAL	\$2,053,636	\$2,271,525	\$2,271,946	\$2,453,105	8.0%
	TOTAL O&M EXPENSES	\$8,284,330	\$8,881,937	\$8,852,109	\$9,145,786	
OTHER EXPENSES						
401	OPERATING EXPENSE					
403	DEPRECIATION	\$1,040,000	\$1,027,896	\$1,157,400	\$1,160,000	0.2%
408	TAXES OTHER THAN INCOME	\$161,999	\$166,859	\$178,521	\$180,000	0.8%
427	INTEREST LONG TERM DEBT	\$1,701,900	(\$1,144)	\$1,299,100	\$1,477,213	13.7%
428	AMORTIZATION OF DEBT DISC	\$120,374	\$114,798	\$60,120	\$60,120	
	TOTAL	\$3,024,273	\$1,308,409	\$2,695,141	\$2,877,333	6.8%
	TOTAL EXPENSES	\$11,308,603	\$10,190,346	\$11,547,250	\$12,023,119	4.1%
	INCOME (LOSS)	\$6,658,190	\$6,791,975	\$6,550,606	\$8,147,778	24.4%
DEBT SERVICE:						
	PRINCIPAL	\$2,200,000	\$2,270,000	\$2,330,000	\$2,415,000	3.6%
	INTEREST	\$1,701,944	\$1,631,644	\$1,558,919	\$1,477,213	-5.2%
		\$3,901,944	\$3,901,644	\$3,888,919	\$3,892,213	0.1%

MISCELLANEOUS
 CAPITAL BUDGET FY 2010

CAPITAL ASSETS:

VEHICLES:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	Replacement Van #4	\$27,000	Replace existing Van #4 2,500 HD
2	Replacement Truck #19 4Wd	\$25,000	Replace existing Truck 19 2WD
3	GIS Van (new)	\$25,000	New for GIS Operator & Equipment
4	Vehicle to be Determined	\$25,000	To be Determined
	SUB TOTAL	\$102,000	
OFFICE EQUIPMENT:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	Computer upgrades and replacements	\$8,000	Computer replacements as needed
2	GPS Receiver	\$5,000	For GIS Data Collection
3	GIS Work Station	\$10,000	For GIS Operator
4	Upgrade phone system/cell phone	\$25,000	New system
5	GPS cell phones	\$3,000	New system
6	Software cross connection control	\$5,000	New system state law
	SUB TOTAL	\$56,000	
MISCELLANEOUS CAPITAL:			
ITEM #	DESCRIPTION	EST. COST	
1	Misc. hand / power tools	\$10,000	
2	Utility Body Refurbishments	\$10,000	
	SUB TOTAL	\$20,000	
	TOTAL PROPOSED EXPENDITURES	\$178,000	
	Remaining FY 08-09 funds	\$92,176	
	FY 09-10 funds	\$100,000	
		\$192,176	
	AVAILABLE	\$14,176	

PROPOSED IFR FUNDING

FUNDING AS OF MAY 31, 2009 RESTRICTED ACCOUNT	\$	5,769,968
JUNE 2009 FUNDING DEPOSIT	\$	450,000
FY 09-10 FUNDING AS OF JUNE 30, 2010	\$	<u>5,400,000</u>
TOTAL	\$	11,619,968
09-10 PROPOSED BUDGET EXPENDITURES AS OF JUNE 30, 2010	\$	14,182,000
POTENTIAL DEFICIT	\$	2,562,032

TOTAL CUSTOMERS
 FY 2009 - 2010

	FY 008	AS OF 4/30/2009	EST. GROWTH	TOTAL FOR BUDGET
RESIDENTIAL	24,934	24,969		24,969
COMMERCIAL/INDUSTRIAL	1,617	1,598		1,598
PRIVATE FIRE	296	296		296
PUBLIC FIRE	2,336	2,336		2,336
PUBLIC AUTHORITIES	332	341		341
SALES FOR RESALE	1	1		1

# Public Fire Customers	13
# Private Fire Customers	
Hydrants	148
Fire Lines	148

REVENUES

		FY 08-09 10+2	BASE REVENUE	NEW CUST.	BUDGET FY 09-10
461A	RESIDENTIAL	\$12,322,027	\$13,516,605		\$13,516,605
461B	COMMERCIAL/INDUSTRIAL	\$3,184,194	\$3,689,099		\$3,689,099
462	PRIVATE FIRE	\$156,531	\$181,832		\$181,832
463	PUBLIC FIRE	\$1,054,416	\$1,283,675		\$1,283,675
464	PUBLIC AUTHORITIES	\$646,117	\$719,809		\$719,809
466	SALES FOR RESALE	\$106,117	\$118,461		\$118,461
471	MISC SERVICE REVENUE	\$150,482	\$165,000		\$165,000
474	OTHER WATER REVENUE	\$48,319	\$53,000		\$53,000
415	PROFIT ON METERS	\$590	\$600		\$600
416	PROFIT ON SERVICE	\$47,079	\$47,079		\$47,079
		\$17,715,872	\$19,775,160	\$0	\$19,775,160

ADMINISTRATIVE & GENERAL
OUTSIDE SERVICES

08-09

BUDGET
ESTIMATE

PETRARCA & MCGAIR	\$55,000.00	\$60,000
AMTEC	\$1,800.00	\$1,800
AUDIT BRAVER PC	\$38,300.00	\$33,600
WOODCOCK & ASSOCIATES	\$700.00	\$1,000
PARE ENGINEERING	\$2,252.43	\$0
C & E ENGINEERING	\$9,385.43	\$10,000
WRIGHT - PIERCE	\$5,891.85	\$0
	<hr/>	<hr/>
	\$113,329.71	\$106,400

IFR & CIP - 5 YEAR PLANS (PUC ALLOCATION)		\$25,000
		<hr/>
		\$131,400
		<hr/> <hr/>

ADMINISTRATIVE & GENERAL
REGULATORY COMMISSION

08-09

BUDGET
ESTIMATE

PETRARCA & MCGAIR	\$30,581.00	\$20,000
WOODCOCK & ASSOCIATES	\$26,000.00	\$10,000
DIVISION OF PUBLIC UTILITIES	\$27,644.00	\$1,000
A-1 COURT REPORTERS	\$838.00	\$1,000
CAPITOL COURT REPORTERS	\$343.00	\$500
DIVISION OF PUBLIC UTILITIES ASSESSMENT	\$43,335.00	\$50,000
	<hr/>	<hr/>
	\$128,741.00	\$82,500

PWSB DOCKET #4061
KCWA PASS THROUGH FILING

PAYROLL BUDGET

	BASE PAY 7/1/2009	SCHEDULED OT	UNSCHEDULED OT	TOTAL	3.3%	BONUS	09-10 BUDGET	09-10 BUDGET ROUNDED	08-09 ACTUAL 10+2
107 CWP	\$15,212.00			\$15,212.00	\$555.00		\$15,767.00	\$15,780	\$15,278.00
184A MIC - METERS									
184D MIC - REPAIRS	\$6,246.00			\$6,246.00	\$228.00		\$6,474.00	\$6,500	\$6,273.00
601 OPERATION - LABOR									
602 OPERATION - SUPERVISION									
624A PUMPING - LABOR	\$66,251.00	\$18,362.00		\$84,613.00	\$2,418.00		\$87,031.00	\$87,100	\$66,538.00
631 MAINTENANCE - STRUCTURES	\$27,186.00			\$27,186.00	\$992.00		\$28,178.00	\$28,200	\$27,303.00
633 MAINTENANCE - PUMPING EQ	\$25,217.00			\$25,217.00	\$920.00		\$26,137.00	\$26,200	\$25,326.00
642A OPERATION - LABOR	\$76,197.00	\$3,338.00		\$79,535.00	\$2,781.00		\$82,316.00	\$82,400	\$76,527.00
651 MAINTENANCE - STRUCTURES									
652 MAINTENANCE - TREATMENT EQ	\$29,084.00			\$29,084.00	\$1,061.00		\$30,145.00	\$30,200	\$29,210.00
662A TRANS & DIST - LABOR	\$31,650.00			\$31,650.00	\$1,155.00		\$32,805.00	\$32,900	\$31,787.00
663A METER - LABOR									
664A CUSTOMER INSTALLATION	\$6,887.00			\$6,887.00	\$251.00		\$7,138.00	\$7,200	\$6,917.00
672 MAINTENANCE - TANKS	\$345,889.00		\$38,142.00	\$384,031.00	\$12,624.00		\$396,655.00	\$397,000	\$347,387.00
673 MAINTENANCE - MAINS	\$87,317.00		\$9,006.00	\$96,323.00	\$3,187.00		\$99,510.00	\$99,600	\$87,695.00
675 MAINTENANCE - SERVICES	\$53,935.00			\$53,935.00	\$1,968.00		\$55,903.00	\$56,000	\$54,168.00
676 MAINTENANCE - METERS	\$52,152.00			\$52,152.00	\$1,903.00		\$54,055.00	\$54,100	\$52,377.00
677 MAINTENANCE - HYDRANTS	\$73,150.00			\$73,150.00	\$2,670.00		\$75,820.00	\$75,900	\$73,467.00
902 METER READING	\$160,742.40	\$734.16		\$161,476.56	\$8,944.00		\$170,420.56	\$170,500	\$162,491.00
903 CUSTOMER ACCOUNTING	\$377,360.00			\$377,360.00	(\$668.00)		\$376,692.00	\$376,700	\$293,063.00
920 ADMINISTRATIVE SALARIES						\$5,250.00	\$5,250.00	\$5,250.00	\$5,250.00
926 EMPLOYEE BENEFITS									
930-B DIRECTORS FEE									
930C CONSERVATION									
932A MAINTENANCE - PLANT	\$123,441.00	\$5,008.00		\$128,449.00	\$4,505.00		\$132,954.00	\$133,000	\$123,976.00
932B MAINTENANCE - VEHICLES	\$19,286.00			\$19,286.00	\$704.00		\$19,990.00	\$20,000	\$19,370.00
933 NON-PRODUCTIVE - LABOR	\$254,019.00			\$254,019.00	\$9,271.00		\$263,290.00	\$263,300	\$255,119.00
TOTAL	\$1,831,221.40	\$27,442.16	\$52,975.00	\$1,911,638.56	\$55,469.00	\$5,250.00	\$1,972,357.56	\$1,973,630	\$1,759,522.00

IFR FUNDING
CURRENT AND PROPOSED PROGRAM
(JUNE 2009)

FUNDING:

FUNDING AS OF JUNE 30, 2009	\$5,769,968
JUNE 2009 PAYMENT	\$450,000
FUNDING AVAILABLE AS OF JUNE 30, 2009	\$6,219,968

FUNDING:

IFR 2009 CONSTRUCTION - JULY 2009 - JUNE 2010	\$5,400,000
TOTAL FUNDING	\$11,619,968

ESTIMATED ALLOCATED EXPENDITURES 2009/2010**FINAL PAYMENT ESTIMATE**

QUAKER BOOSTER REFURBISHMENT (SET ASIDE)	(\$3,000,000)
QUAKER BOOSTER REFURBISHMENT DESIGN & CONSTRUCTION SERVICES	(\$150,000)
TIOGUE SERVICE AREA CONVERSION (BALANCE TO FINISH)	(\$506,250)
TIOGUE SERVICE AREA CONVERSION ENGINEERING CONSTRUCTION SERVICES	(\$50,000)
IFR 2006B & 2007 CONSTRUCTION (BALANCE TO FINISH)	(\$4,105,100)
IFR 2006B & 2007 CONSTRUCTION ENGINEERING SERVICES	(\$200,000)
IFR 2009A CONSTRUCTION	(\$4,525,650)
IFR 2009A CONSTRUCTION ENGINEERING SERVICES	(\$250,000)
IFR 2009B DESIGN REMAINING	(\$50,000)
IFR 2009B CONSTRUCTION (1/4 IN FY)	(\$1,250,000)
IFR 2009B CONSTRUCTION ENGINEERING SERVICES (1/4 IN FY)	(\$65,000)
IFR 2010 DESIGN	(\$30,000)
TOTAL EXPENDITURES AS OF JUNE 30, 2010	(\$14,182,000)

ESTIMATED CARRY OVER EXPENDITURES 2010/2011

IFR 2009B CONSTRUCTION (REMAINING)	(\$3,750,000)
IFR 2009A & 2009B CONSTRUCTION ENGINEERING CONSTRUCTION SERVICES	(\$185,000)
TOTAL CARRY OVER 2010/2011	(\$3,935,000)
FUNDING AVAILABLE JUNE 30, 2011	\$5,400,000
POTENTIAL DEFICIT*	(\$1,097,032)

Supreme Court Writ of Certiorari if successful could add \$600,000 per year to funding revenue (\$1,200,000 for 2 years).

CIP PROJECTED EXPENSES
(MAY 2009)

MISHNOCK TREATMENT FACILITY (CIP 1a & 1c)	(EST.)	\$14,000,000
MISHNOCK TRANSMISSION (CIP 1b)	(EST.)	\$8,000,000
READ SCHOOL HOUSE ROAD TRANSMISSION REMAINING (CIP 7e, 7d & 8a)		\$134,900
READ SCHOOL HOUSE STORAGE TANK REMAINING (CIP 7b)		\$343,300
EAST GREENWICH WELL FIELD PRELIMINARY DESIGN TREATMENT (CIP - 2)	(EST.)	\$50,000
	TOTAL	\$22,528,200
CAPITAL ACCOUNT (MAY 31, 2009)		\$16,806,611
	SHORTFALL	\$5,721,589

EXHIBIT C

June 18, 2009

**TASK ORDER NO. 3
BETWEEN
KENT COUNTY WATER AUTHORITY
AND ENGINEER FOR SERVICES**

**DESIGN OF THE REHABILITATION OF THE QUAKER LANE PUMP STATION FOR
THE KENT COUNTY WATER AUTHORITY WATER SYSTEM**

This is Task Order No. 3 attached and made part of the agreement between Kent County Water Authority (OWNER), and C&E Engineering Partners, Inc. (ENGINEER) dated June 18, 2007 for the Design of the Rehabilitation of the Quaker Lane Pump Station. This Task Order 3 describes the Scope of Services, Period of Service and Method and Basis of Compensation associated with the additional design services.

1.0 SCOPE OF SERVICES

C&E Engineering Partners, Inc. will perform the following additional services that will be considered the scope of services for the change of services for the project.

General

These additional design services are associated with the design effort necessary to convert two (2) of the existing constant speed Low Service 200 HP pumps at the Authority's Clinton Avenue Booster Pump Station located in Scituate, Rhode Island to variable speed (frequency) drive units. The remaining three (3) constant speed Low Service 200 HP pumps and the two (2) constant speed High Service 200 HP pumps shall not be altered. This work will be integrated with the final contract documents for the rehabilitation of the Quaker Lane Pump Station and for which a separate and clearly identified scope and bid cost on the Bid Form shall be developed.

This modification of these two (2) Low Service pumps will provide the Authority with an enhanced ability to control flow and pressure from the Clinton Avenue Pump Station. Currently, this facility is operated on a near continual basis in order to provide needed water supply to the system and maintain adequate customer service pressures at higher elevations in close proximity to the station. This will be especially beneficial during low demand periods (i.e. winter and nighttime) which will allow station flow output to be matched to consumer demand. Previously, the constant speed pumps have resulted in periodic overflow of the distribution system storage tanks.

Scope of Services

The following are the additional scope of services.

Task 1 – Data Collection and Preliminary Design Memorandum

- A. Meet with Authority to review scope of project including desired method of operation and control of variable speed drives (i.e. pressure, flow, tank level, etc.) and selection of motor control systems for modification.

- B. Conduct field survey to document existing conditions, review as built electric drawings and consult with equipment manufacturers regarding proposed modification to existing equipment.
- C. Develop a process SCADA control and mode of operation for the two modified pump systems.
- D. Prepare Preliminary Design Memorandum detailing proposed work scope, modifications and proposed mode of operation; submit to Authority for review and comment. Meet with Authority to review and incorporate substantive comments into final Design Memorandum.

Task 2 – Preliminary Contract Documents (Drawings and Technical Specifications)

- A. Prepare 75% preliminary electrical, instrumentation and control, floor plan and details drawings.
- B. Prepare corresponding 75% technical specifications detailing required work.
- C. Prepare an opinion of probable construction cost.
- D. Submit to Authority for review and comment. Incorporate substantive comments into drawings and technical specifications.

Task 3 – Finalize Contract Drawings and Incorporate into the Quaker Lane Pump Station Contract Documents

- A. Prepare final contract drawings and technical specifications.
- B. Incorporate into contract documents being prepared for Rehabilitation of Quaker Lane Pump Station. The work effort associated with the upgrade will be a separate and distinct bid line item on the Bid Form for the Quaker Lane Pump Station Contract.

2.0 PERIOD OF SERVICE

The time period for performance of these additional services as set forth in the Scope of Services for the Project shall be approximately 45 days from receipt of a written authorization to proceed and will necessarily be incorporated into the schedule for the pump station contract. 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.

3.0 BASIS OF COMPENSATION

The Authority shall pay C&E Engineering Partners, Inc. for services rendered as described above a Not To Exceed Fee of **Seventeen Thousand Eight Hundred Fifty Dollars (\$17,850.00)** which includes Basic Fees, Reimbursable Expenses (i.e. mileage, copy, etc.) and subcontracted costs associated with the additional work. A breakdown of fees by Task is provided.

Task 1: **Five Thousand Fifty Dollars (\$ 5,050.00)**

Task 2: **Eight Thousand One Hundred Dollars (\$8,100.00)**

Task 3: **Four Thousand Seven Hundred Dollars (\$4,700.00)**

4.0 ACCEPTANCE

Acceptance of the terms of this Task Order 3 is acknowledged by the following authorized signatures of the parties to this Agreement.

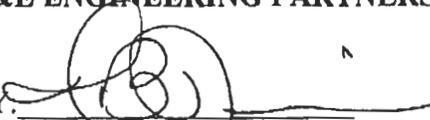
OWNER

ENGINEER

KENT COUNTY WATER AUTHORITY

C&E ENGINEERING PARTNERS INC.

BY: _____
Mr. Robert B. Boyer
Chairman

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

Address for Giving Notices

Address for Giving Notices

Kent County Water Authority
1072 Main Street
P. O. Box 192
West Warwick, Rhode Island 02893

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

Date: _____

Date: 6-12-09

EXHIBIT D

June 18, 2009

PLANNING DOCUMENT \$25,000/YEAR ALLOCATION

PROJECT	STATUS
Water Supply System Management Plan WSSMP	Approval
Hunt River Interim Management & Action Plan	Implementing, Weather Dependant , WRB Committee
2008 CIP Program Plan	Approved
Clean Water Infrastructure Plan 2008	DOH Review

UPDATED CIP PROJECTS BOND FUNDING

PROJECT	STATUS
Mishnock Well Field (new wells) CIP - 1A	Design Underway
Mishnock Transmission Mains CIP - 1B	Design Underway
Mishnock Treatment Plant CIP - 1C	Design Review, DOH Review
East Greenwich Well Treatment Plant – CIP-2	Preliminary Design
Clinton Avenue Pump Station Rehabilitation CIP - 7A	Completed
Read School House Road Tank CIP - 7B	Under Construction
Read School House Road Main CIP 7c, 7d, 8a	Under Construction

IFR FUNDED PROJECTS

PROJECT	STATUS
IFR 2005	Completed C. O. # 1 Asphalt Adjustment
IFR 2006 A	Punch List, Paving Issue West Warwick, Need Resolution
IFR 2006 B / IFR 2007	Under Construction
IFR 2009 A & 2009 B	2009A - Construction 2009B Design
PWSB 78" / Johnson Blvd. P.S. Modification	Completed
Greenwich Avenue Replacement	Completed
Hydraulic Tank Evaluation	Completed
Quaker P. S. Design	Design Review, Task Order VFD Clinton
Tech Park Tank Recoating	Completed, Warranty
Tiogue Tank Re-Service	Completed, Punch List
Hydrant Painting	Ongoing KCWA Forces