

# KENT COUNTY WATER AUTHORITY

## BOARD MEETING MINUTES

June 16, 2011

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 16, 2011.

Chairman, Robert B. Boyer opened the meeting at 3:35 p.m. Board Members, Mr. Gallucci, Mr. Masterson and Mr. Inman were present together with the General Manager, Timothy J. Brown, Technical Service Director, John R. Duchesneau and Legal Counsel, Joseph J. McGair and other interested parties. Board Member Gallucci led the group in the pledge of allegiance. Board Member Giorgio was delayed due to business issues.

The minutes of the Board meeting of May 19, 2011 were moved for approval by Board Member Masterson and seconded by Board Member Gallucci and were unanimously approved by the members in attendance

### **Guests:**

#### **53 Division Road**

Mr. and Mrs. Thomas Lepre whose home is adjacent to Carrs Pond Road and to the Kent County Water Authority water tank. They have a problem with their well with odor and quality problems which have contaminated the well. Mr. Lepre has health problems.

It was moved by Board Member Masterson and seconded by Board Member Inman to conditionally approve the request for water supply to service a single family home based upon emergent health consideration with the following conditions in lieu of a moratorium:

1. 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.

2. 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.

3. 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.

4. The applicant shall file a formal single family home application. 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 site, will be the responsibility of the applicant/customer and not the KCWA.

5. 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.

6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping technique and/or proper planting bed (high water holding capacity) soil preparation shall be employed throughout the project.

And it was unanimously voted by the members in attendance,

VOTED: To conditionally approve the request for water supply to service a single family home based upon emergent health consideration with the following conditions in lieu of a moratorium:

1. 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.
2. 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.

3. 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.
4. The applicant shall file a formal single family home application. 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 site, will be the responsibility of the applicant/customer and not the KCWA.
5. 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.
6. If irrigation systems are installed, they must be supplied by a private well. Xeriscape landscaping technique and/or proper planting bed (high water holding capacity) soil preparation shall be employed throughout the project.

## **LEGAL MATTERS**

### **GTECH**

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. GTECH filed an appeal on June 19, 2009 in the Providence County Superior Court to the Decision of the Division of Public Utilities and Carriers of May 20, 2009 which ruled in favor of Kent County Water Authority. Kent County Water Authority answered the complaint on June 29, 2009 and Legal Counsel will engage in that portion of this continuing litigation. The parties have filed a consent order with the Court for the schedule of the briefs. GTECH brief was received on October 2, 2009 and Kent County Water Authority brief is due November 16, 2009. Kent County Water Authority filed their brief on November 16, 2009. GTECH did not file a reply brief and it is now up for order by the Court. Legal Counsel filed a Motion to Assign to a Judge and the assignment motion was scheduled for February 25, 2010 and was ordered on even date. The matter has been assigned to Judge Vogel, but no hearing date has been set. Legal Counsel requested that the Clerk of the Court schedule a hearing to conclude this matter and a conference with Judge Vogel was held on August 24, 2010 who stated that the Court will be rendering a

decision and will give the parties notice. On November 18, 2010 Legal Counsel received the Decision from Judge Vogel which found that Kent County Water Authority Rules and Regulations precluding master metering for separately owned parcels of realty was correct and the decision of the Public Utilities Commission affirming the Kent County Water Authority Rules and Regulations was upheld. The deadline for GTECH to appeal this decision was December 20, 2010. GTECH did not file an appeal. The General Manager and Legal Counsel met with GTECH representative on January 24, 2011 and the matter will be resolved in the spring with full compliance to the Rules and Regulations. The staff met on April 20, 2011 and it is moving in the right direction and resolution is on-going and plans came in yesterday. An approvals letter was sent out to the Engineers for GTECH on May 24, 2011 giving them six (6) months to accomplish the same.

GTECH Corporation informed Mr. Duschesneau via email on June 6, 2011 that to comply with the KCWA ten (10) day confirmation requirement after approval letter that GTECH is anticipating the start of construction on June 27, 2011.

### Harris Mills

The company has gone into receivership. Kent County Water Authority is owed \$3,676.58. 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.

There has been no further progress regarding the sale of the Harris Mill complex in the receivership matter. Legal Counsel to contact the Receiver for a status report. New offers to purchase have come in which could allow Kent County Water Authority claim in this matter to be paid out of the receivership proceeds. As of September 14, 2009 the previous offer did not materialize. A new offer is being pursued. Legal Counsel will continue to monitor the progress of the sale. The receivership case is in the Supreme Court. On October 1, 2010 the Court approved the sale of the property and the allowed disbursements including payment of Kent County Water Authority bill. This office will continue to monitor payment. On May 13, 2011 Legal Counsel sent a letter to Counsel for potential buyer inquiring as to the status of the sale. Legal Counsel followed up with counsel for Buyer on June 14, 2011 regarding response to May 13, 2011 correspondence.

### 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 July 16, 2009 the Debtor has not filed an Amended Plan.

The Bankruptcy Court hearing was to be held on August 19, 2009 regarding a motion filed by Hope Mill to convert Chapter 11 to Chapter 7. Legal counsel will monitor the hearing and how the disposition of the hearing will affect the claim of Kent County Water Authority. The hearing was held on December 17, 2009. Assets purchased pursuant to Asset Purchase Agreement. Kent County Water Authority charges to be paid pursuant to Asset Purchase Agreement. Legal Counsel will follow up regarding timetable of payment to Kent County Water Authority. Legal Counsel spoke with Attorney DeAngelis on February 17, 2010 for status on payment to Kent County Water Authority.

Legal Counsel spoke with Attorney DeAngelis on May 13, 2010 and Mr. DeAngelis stated that a final closing has yet to be scheduled, but should be scheduled in the near future. There has been no progress on scheduling a closing as of June 14, 2011.

### West Greenwich Technology Tank/Rockwood

This matter may be in litigation in that Rockwood Corporation had failed to take any steps and continually denied Kent County Water Authority efforts 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 was 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. The tank was recently dry inspected and the vendor remediated the same. Kent County Water Authority is awaiting final inspection of the tank with respect to the remediation. Rockwood has performed work at the site and it is necessary to have a final inspection after the tank has been filled. The tank has been filled and inspection is moving forward. This has been concluded. However, inspection followed which disclosed that there were more paint issues. On July 22, 2010, Legal Counsel notified the Bonding Company regarding action to correct. This will be further discussed by the General Manager in IFR projects. This matter is being discussed which may include litigation and KCWA is awaiting final restoration plans from the vendor. On March 16, 2011 and March 17, 2011, the General Manager received email communications from Rockwood requesting KCWA response to Rockwood performing its February 18<sup>th</sup> proposal on March 21, 2011. Further, the email stated that Mr. Northrop is no longer with Lincoln and provided an alternate contact for forwarding of the claim of KCWA.

On March 29, 2011 Legal Counsel sent correspondence to Mr. Northrop's successor, Paul Poppish pursuant to Mr. Law of Rockwood. After receiving no reply, Legal Counsel sent a follow up letter to Mr. Poppish on April 13, 2011. On May 16, 2011, Legal Counsel called Lincoln General and Mr. Poppish is no longer with the company and was directed to Mr. Bob Griffith and Legal Counsel spoke with him and was asked to send the correspondence to him which was accomplished on even date. No response was received from Mr. Griffith and Legal Counsel sent a follow up letter on June 9, 2011.

#### Comptroller of the Currency

On October 16, 2008, Kent County Water Authority resolved to change the Trustee from US Bank to Bank of NY Mellon regarding 2001/2002/2004 bond issue trust administration to be effective January 23, 2009. That on October 17, 2008, Kent County Water Authority timely notified US Bank concerning the transfer of trusteeship. On approximately January 20, 2009, the US Bank announced that it would require \$6,650.00 as transfer fees to accomplish ownership to the Bank of NY Mellon. Additionally, the US Bank kept \$1,667.67 of fees that were previously unused. That in order for the closing and transfer to take place, Kent County Water Authority on January 22, 2009 paid the sum of \$6,650.00 under protest and stated its displeasure with the US Bank and thereby stating that it would not jeopardize its bondholders and therefore paid the same and also sent a copy to the Controller of the Currency. On March 4, 2009 the Controller of the Currency stated that the US Bank would be replying directly to Kent County Water Authority. On March 11, 2009 Kent County Water

Authority received a response from US Bank which was totally unsatisfactory. On March 31, 2009, Kent County Water Authority notified the Controller of the Currency concerning the unsatisfactory response of US Bank dated March 11, 2009 and reiterated its position. On June 30, 2009 US Bank sent a check in the amount of \$1,666.67 and it was received by Legal Counsel on July 6, 2009, saying that the same was a bookkeeping error as exhibited on the check. That on July 7, 2009 Kent County Water Authority sent a letter to US Bank with a copy to the Controller of the Currency that the amount for advance services paid was acknowledged and that Kent County Water Authority has not acknowledged its exception to extracting at the 11<sup>th</sup> hour ransom of \$6,650.00 on January 12, 2009 and it will continued pursuit of its claim with the Controller of the Currency. A follow up letter was sent to the Controller of the Currency on August 21, 2009 and will await a response. A follow up letter was sent on December 17, 2009. The General Manager received a response from the Comptroller of the Currency on January 8, 2010 and on January 11, 2010, Legal Counsel received a response letter from the Comptroller of the Currency which deemed that the complaint is still active. Legal Counsel has been monitoring the status via the website provided by the Comptroller and there is no updated status as of May 20, 2010 and Legal Counsel sent follow up letters on May 20, 2010, September 15, 2010, October 8, 2010 and November 17, 2010. In response to follow-up letters, status of claim via website has been changed to "Review in Process". Legal Counsel sent another follow up letter on February 16, 2011. Still awaiting reply which for this agency is glacial.

#### Spectrum Properties, The Oaks, Coventry, Rhode Island

Legal Counsel for the developer forwarded on July 13, 2009 to Kent County Water Authority Legal Counsel for comment on the proposed form of easement deeds with respect to the residential subdivision. On July 29, 2009, Legal Counsel for Kent County Water Authority sent a response to Attorney William Landry setting forth comments to the proposed form of deeds. Legal Counsel received revised deeds from Attorney Landry on September 10, 2009 and they have been forwarded to the General Manager for review and have been approved by the General Manager. On September 24, 2009, Legal Counsel forwarded to Attorney Landry correspondence stating that the form of easement deed has been approved by Kent County Water Authority and for Attorney Landry to forward the original executed deeds to Kent County Water Authority for execution of acceptance. Legal Counsel has not received the deeds to date therefore Legal Counsel forwarded status inquiry correspondence to Attorney Landry on November 18, 2009. Attorney Landry replied to Legal Counsel on November 23, 2009 stating that the developer is in the midst of scheduling a final approval hearing with the Town and Attorney Landry will provide Legal Counsel for KCWA with the anticipated timetable for final approval and recording of the deeds upon Mr. Landry's receipt of this information.

Legal Counsel was pursuing Attorney Landry for status of his receipt of timetable for municipal approvals. Legal Counsel telephoned Attorney Landry and left a voicemail message as to status and subsequently forwarded correspondence to Attorney Landry on March 11, 2010. On May 11, 2010, Legal Counsel forwarded subsequent

correspondence to Attorney Landry inquiring as to the status of the matter. The Developer contacted Legal Counsel directly and informed her that final approvals have not been received. Sanford J. Resnick, Esq. forwarded correspondence on September 17, 2010 to the Chairman informing of his representation of the developer and a request to appear before the Board to discuss inspection fees.

Mr. Resnick appeared at the May 19, 2011 Board Meeting and the staffs are working together with the Developer and Legal Counsel.

257A Mishnock Road, West Greenwich, RI

Legal Counsel was contracted by Thomas Goldberg, Esq., Attorney for Wendy Lasalle, current owner of property formerly owned by her late father, Robert Broadhurst. The subject property was occupied by Mr. Broadhurst for over 40 years and is landlocked. Ms. Lasalle is now desirous of selling the real estate and Anthony Q. Cofone, Esq., represents the prospective buyer and is requesting an ingress/egress easement from Kent County Water Authority over its Mishnock land. There is an existing, unimproved roadway formerly utilized by Mr. Broadhurst for access to the property. Attorney Cofone provided Legal Counsel with some recorded maps showing access to the site and Legal Counsel met with Mr. Cofone on June 16, 2010 to review title as Mr. Cofone claims pre-existing rights of way/access. Legal Counsel requested Mr. Cofone memorialize in writing the claim for pre-existing access rights for presentment to the Board. On July 19, 2010, Legal Counsel received correspondence from Attorney Coffone setting forth the title issue and request for easement. On July 29, 2010, Kent County Water Authority informed Attorney Coffone via writing that the prescriptive easement rights set forth in his July 16, 2010 correspondence obviates the need for Kent County Water Authority to provide easement rights to the owner with respect to the wellhead protection land of Kent County Water Authority.

As of June 13, 2011 no response has been received from Attorney Coffone.

DPUC: Mai Tai Investments Docket No.: D10-111

Mai Tai Investments of Coventry filed a complaint against Kent County Water Authority because of a billing dispute. The matter is new and Kent County Water Authority has responded with a data request and a hearing will be held thereafter. On September 23, 2010, Mr. Iacono requested an extension of 30 days to respond or object to KCWA data requests in order to seek counsel. This matter is on hold until Mr. Iacono retains counsel. On November 29, 2010 Legal Counsel for KCWA filed a Motion to Dismiss regarding no response. On December 7, 2010 Legal Counsel received an Objection to the Motion to Dismiss and Request for Additional Extension of Time to Respond to Data Requests which was filed by Mr. Iacono. On December 14, 2010 Legal Counsel filed an Objection and Motion to Strike in response to Mr. Iacono's Objection and Motion to Dismiss. Legal Counsel received an entry of appearance from Pavilonis, Esq. on which may be determinative of the motions.

Mai Tai Investments forwarded to Legal Counsel response to the first set of data requests. On January 18, 2011 Legal Counsel sent out a Motion to Compel More Responsive Answers and a Motion to Dismiss regarding inadequate responses. This matter was scheduled before the DPUC on February 9, 2011 and discovery was ordered by the Hearing Officer to be completed by February 15, 2011 and a hearing was held on March 9, 2011 and briefs will be filed with a decision to be expected at the end of May or early June of 2011. On April 12, 2011 Legal Counsel received the Complainant's brief and Kent County Water Authority brief was filed on April 26, 2011. The Complainant's response to Kent County Water Brief was due on May 6, 2011 in that they did not ask the Hearing Officer for any additional time. A Decision was received on May 24, 2011 in favor of Mai Tai on the condition that they convert to master meter configuration within 90 days which is August 21, 2011 and if the same is not accomplished by Mai Tai then the Authority may return to DPUC for modification of the Decision.

#### Licciardi

Pursuant to the sense of the Board on May 19, 2011, Legal Counsel on May 24, 2011 contacted the Chief Consumer Agent/Hearing Officer, Diana Moniz to determine if there are any further remedies available to Licciardi as the Board has deep sympathy with all of its customers, some of whom are fixed incomes and are having trouble getting by and the Chief Consumer Agent/Hearing Officer, Diana Moniz confirmed that an informal hearing becomes final after ten days if no request is made for a formal hearing. Further, that any utility after that date may not change the amount so ordered but the utility has the ability to extend those payments for a longer period than what was ordered. Legal Counsel sent a confirmation letter regarding the same to the Chief Consumer Agent/Hearing Officer on May 27, 2011.

#### Natgun

Counsel for Natgun corporation was to present another proposal for Kent County Water Authority to review and none has been received by Legal Counsel to date albeit the attorney for Natgun had asked Legal Counsel for time to provide a document in lieu of a release. The matter stands as Kent County Water Authority is aware that Natgun is litigating with Parkside which refuses to provide a release. Kent County Water Authority is protected due to the hold back on the contract.

#### **Director of Finance Report:**

No reports this month due to the illness of the Director.

**Point of Personal Privilege and Communications:**

None.

**GENERAL MANAGER/CHIEF ENGINEER'S REPORT**

**Old Business**

**New Business:**

Board Member Giorgio arrived at 3:47 p.m.

**RFQ Consultant Regarding Reorganization Action**

The Chairman stated that a reorganization report was performed in 1997 and he believes that a firm should be engaged to similarly assess the Kent County Water Authority operations periodically. The General Manger stated that the previous study was not accepted by the Board. The General Manager stated that the cost of such a study would need to be approved by the PUC as an authorized study but that an RFQ provided by the Chairman could be in advance of a PUC request. The General Manager in answer to the Chairman stated that there are no funds on hand and he related the recent PUC history concerning future filings. Board Member Gallucci stated that 11 water suppliers had received State Revolving Funds. The General Manager reminded the Board that State Revolving Funds are bond funds which are at ¼ % differential rate which is distinct from grants.

The General Manager answered Board Member Gallucci and stated that there were no stimulus funds available but he will monitor the same. The General Manager iterated that Kent County Water Authority had "shovel ready" projects but unfortunately were not on the final state list.

The General Manager further stated that Kent County Water Authority would have the ability to have necessary bonding for filing with approval of PUC and DPUC. The Chairman stated that this issue should be placed on the agenda for further study. The General Manager reiterated the difference between the stimulus and the Clean Water Fund and cost of service included in a PUC filing and the last rate case with Operating Reserve Account rulings.

Board Member Masterson and Board Member Gallucci agreed that a RFQ would be good as to scope and cost which could be used in a future rate filing.

It was moved by Board Member Giorgio and seconded by Board Member Gallucci to have a Request for Qualifications for a consultant regarding Kent County Water Authority organization and it was unanimously,

VOTED: To have a Request for Qualifications for a consultant regarding Kent County Water Authority organization.

### Management System Discussion

The General Manager stated that there were a number of questions regarding the employee handbook. He stated that Kent County Water Authority that the Board has the right to manage its employees. The General Manager explained the current structure. The Chairman stated his concern that there are equitable issues regarding adjustments. In answer to a question from the Chair, the General Manager said that the fiscal year will not affect Board action. Board Member Gallucci opined that there are significant differences with salaried employees. The Chairman favored the fiscal year amendment. The General Manager reminded the Board of the difference between TDI and Workers Compensation. The General Manager further stated that vacation time does not accrue during the absence of either. The Chairman stated that Legal Counsel should work with the General Manager in this vein.

### 457 Plan Modification, Roth Option Approval

The General Manager stated the Pension Plan sponsors a Roth 457 and roll over IRA and if the Board approves the plan it can only be used if employees opt for it. The General Manager stated this is revenue neutral.

It was moved by Board Member Inman and seconded by Board Member Gallucci to approve the 457 plan modification with the voluntary employee Roth Option Approval and it was unanimously,

VOTED: To approve the 457 plan modification with the voluntary employee Roth Option Approval.

### Approval 3<sup>rd</sup> Year Braver PC, Audit

The General Manager recommended that the Board approve the 3<sup>rd</sup> year Braver Audit as it was in the best interest of Kent County Water Authority. It was moved by Board Member Inman and seconded by Board Member Giorgio to approve the 3<sup>rd</sup> Year Braver, PC Audit as evidenced and attached as “**A**” and it was unanimously,

VOTED: To approve the 3<sup>rd</sup> Year Braver, PC Audit as evidenced and attached as “**A**”.

### Reconsideration Blue Cross/Delta Dental 3 year

The General Manger stated that after last action approved last month for Delta Dental that Blue Cross reverted back to a better price. The General Manager

recommended and it was the sense of the Board in the best interests of Kent County Water Authority not to change the previous vote for Delta Dental.

Board Member Inman departed the meeting at 4:37 p.m. due to a family commitment.

#### Nicole Jacques Request for Consideration Retroactive Pay

The General Manager stated that a letter was received regarding the change to last month which was specific.

This matter will be held for further study.

#### Engagement Letter Legal Counsel Approval

The General Manager stated that there was no change in fees regarding the Petrarca and McGair, Inc. letter of engagement from the previous year and the engagement would be from July 1, 2011 to June 30, 2012 and the Chairman stated that it was in the best interest of the Kent County Water Authority to execute the engagement letter and after discussion it was moved by Board Member Masterson and seconded by Board Member Gallucci to authorize the Chairman to execute the Letter of Engagement to engage the legal services of Petrarca and McGair, Inc. for Kent County Water Authority from July 1, 2011 to June 30, 2012 and it was unanimously of the Board Members present,

VOTED: To authorize the Chairman to execute the Letter of Engagement to engage the legal services of Petrarca and McGair, Inc. for Kent County Water Authority from July 1, 2011 to June 30, 2012.

#### Policy: Dress Appearance & Grooming Standards, Approval

This matter is held for further study.

#### Budget FY 2012 Approval

The General Manager reviewed with the Board in great detail the cost of service and the Budget Memo dated June 16, 2011 as evidenced and attached as “**B**”. The General Manager stated that the IFR, CIP and WSSMP studies were amortized over three years fee with a cost of \$25,000 per year and will be completed in 2013. The new Water Resources Board Demand Management study needs to be started this fiscal year which Kent County Water Authority will need to recoup as non-retroactive in a future rate filing. The General Manager continued his presentation to the Board using Exhibit “**B**” and “**C**” (Kent County Water Authority Fiscal Year 2011/2012 Annual Budget

as evidenced and attached as “C”) and after thorough discussion and questions by the Board the General Manager stated that the budget will be balanced in the P1 of the Budget (“C”) including Employee data and stip as evidenced and attached as “D”. The General Manager stated that Employee Compensation commenced with a 3% figure due to no increases in fiscal year 2010-2011 together with increased employee dental and medical contributions. The General Manager spoke about an organizational chart and management additions.

It was moved by Board Member Gallucci and seconded by Board Member Masterson to approve the Kent County Water Authority Budget of 2011-2012 as evidenced and attached as “C” and it was unanimously voted among the remaining Board Members,

VOTED: To approve the Kent County Water Authority Budget of 2011-2012 as evidenced and attached as “C”.

### **CAPITAL PROJECTS:** **INFRASTRUCTURE PROJECTS**

#### **IFR 2010 Design (Split Contract)**

The General Manager recommended the approval of Task Order No. 2 by James J. Geremia & Associates, Inc. which will divide the contract regarding the 2010 Water System Infrastructure Improvements Project into two (2) projects as evidenced and attached as “E”.

It was moved by Board Member Masterson and seconded by Board Member Gallucci to approve Task Order No. 2 and to have the Chairman execute Task Order No. 2 on behalf of Kent County Water Authority as evidenced and attached as “E” and it was unanimously voted by the Board Members present:

VOTED: To approve Task Order No. 2 and to authorize the Chairman to execute Task Order No. 2 on behalf of Kent County Water Authority as evidenced and attached as “E”.

All 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 evidenced and attached as “F”.

Board Member Masterson made a Motion to adjourn, seconded by Board Member Giorgio and it was unanimously voted by the Board Members present,

VOTED: To adjourn the meeting at 5:50 p.m.

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Secretary Pro Tempore

# **EXHIBIT A**

Kent County Water Board Meeting

June 16, 2011

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COPY

May 12, 2011

Robert B. Boyer, Chairman  
Board of Directors  
Kent County Water Authority  
1072 Main Street  
West Warwick, Rhode Island 02893-0192

Dear Mr. Boyer,

This letter (the Engagement Letter) confirms our understanding of our engagement to provide professional services to Kent County Water Authority (the Authority).

**Objectives and Limitations of Services**

*Audit Services*

We will issue written reports as a result of our audit of the Authority's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, with the objective of expressing an opinion as to whether the presentation of the financial statements, taken as a whole, conforms with U.S. generally accepted accounting principles.

In conducting the audit, we will perform tests of the accounting records and such other procedures, as we consider necessary in the circumstances, to provide a reasonable basis for our opinion on the financial statements. We also will assess the accounting principles used and significant estimates made by management, and evaluate the overall financial statement presentation.

Our audit of the financial statements is planned and performed to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Absolute assurance is not attainable because of the nature of audit evidence and the characteristics of fraud. Therefore, there is a risk that material errors, fraud (including fraud that may be an illegal act), and other illegal acts may exist and not be detected by an audit of financial statements performed in accordance with the auditing standards generally accepted in the United States of America. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

Our report will be addressed to the Directors of the Authority. We cannot provide assurance that an unqualified opinion will be rendered. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement.

"A"

Robert B. Boyer, Chairman  
Board of Directors  
Kent County Water Authority  
May 12, 2011  
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*Internal Control over Financial Reporting*

In planning and performing our audit of your financial statements, we will consider the Authority's internal control in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

The objective of our audit of your financial statements is not to report on the Authority's internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

*Registration Statements and Other Offering Documents*

Should the Authority wish to include or incorporate by reference these financial statements and our audit report thereon into a future offering of exempt securities, prior to our consenting to include or incorporate by reference our report on such financial statements, we would consider our consent to the inclusion of our report and the terms thereof at that time. We will be required to perform procedures as required by the standards of the American Institute of Certified Public Accountants, including, but not limited to, reading other information incorporated by reference in the registration statement or other offering document and performing subsequent event procedures. Our reading of the other information included or incorporated by reference in the offering document will consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the financial statements. However, we will not perform procedures to corroborate such other information (including forward-looking statements). The specific terms of our future services with respect to future filings or other offering documents will be determined at the time the services are to be performed.

Should the Authority wish to include or incorporate by reference these financial statements and our audit report thereon into an offering of exempt securities without obtaining our consent to include or incorporate by reference our report on such financial statements, and we are not otherwise associated with the offering document, then the Authority agrees to include the following language in the offering document:

"BRAVER PC, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. BRAVER PC also has not performed any procedures relating to this official statement."

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*Our Responsibility to Communicate with the Directors*

While the objective of our audit of your financial statements is not to report on the Authority's internal control and we are not obligated to search for significant deficiencies or material weaknesses as part of our audit of the financial statements, we will communicate, in writing, significant deficiencies or material weaknesses to the Directors to the extent they come to our attention.

We will report to the Directors, in writing, the following matters:

- Corrected misstatements arising from the audit that could, in our judgment, either individually or in aggregate, have a significant effect on the Authority's financial reporting process. In this context, corrected misstatements are proposed corrections of the financial statements that were recorded by management and, in our judgment, may not have been detected except through the auditing procedures performed.
- Uncorrected misstatements aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in aggregate.
- Any disagreements with management or other significant difficulties encountered in performance of our audit.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America.

We will also read minutes, if any, of Director meetings for consistency with our understanding of the communications made to you and determine that the Directors have received copies of all material written communications between ourselves and management. We will also determine that the Directors have been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the Directors and management about any material errors and any instances of fraud or illegal acts. Further, to the extent they come to our attention, we will also communicate to the Directors fraud that involves senior management or that, in our judgment, causes a material misstatement of the financial statements and illegal acts that come to our attentions, unless they are clearly inconsequential.

If, during the performance of our audit procedures, circumstances arise which make it necessary to modify our report or withdraw from the engagement, we will communicate to the Directors our reasons for withdrawal.

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Robert B. Boyer, Chairman  
Board of Directors  
Kent County Water Authority  
May 12, 2011  
Page 4

***Management Responsibilities***

The management of the Authority is responsible for the fair presentation, in accordance with U. S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for identifying and ensuring that the Authority complies with laws and regulations applicable to its activities, and for informing us of any known material violations of such laws and regulations. Management also is responsible for preventing and detecting fraud, including the design and implementation of programs and controls to prevent and detect fraud, for adopting sound accounting policies, and for establishing and maintaining effective internal controls and procedures for financial reporting to maintain the reliability of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements. Management is also responsible for informing us, of which it has knowledge, of all significant deficiencies or material weaknesses in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Management of the Authority also agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the Authority's personnel. As required by the auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon taken as a whole. Because of the importance of management's representations to the effective performance of our services, the Authority will release BRAVER PC and its personnel from any claims, liabilities, costs, and expenses relating to our services under this letter attributable to any known misrepresentations in the representation letter referred to above.

***Dispute Resolution***

This letter shall be governed by and construed in accordance with the laws of the United States and the State of Rhode Island.

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***Dispute Resolution (Continued)***

Any dispute or claim arising out of or relating to this letter between the parties, the services provided thereunder, or any other services provided by or on behalf of BRAVER PC or any of its subcontractors or agents to the Authority or at its request (including any dispute or claim involving any person or entity for whose benefit the services in question are or were provided) shall be resolved in accordance with the dispute resolution procedures set forth in Appendix II attached hereto, which constitute the sole methodologies for the resolution of all such disputes. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction. Mediation, if selected, may take place at a location to be designated by the parties. Arbitration shall take place in Warwick, Rhode Island. Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.

Notwithstanding the agreement to such procedures, either party may seek injunctive relief to enforce its rights with respect to the use or protection of (i) its confidential or proprietary information or matter or (ii) its names, trademarks, service marks or logos, solely in the courts of the State of Rhode Island or in the courts of the United States located in the State of Rhode Island.

***Other Matters***

This letter shall serve as the Authority's authorization for the use of e-mail and other electronic methods to transmit and receive information, including confidential information, between BRAVER PC and the Authority and between BRAVER PC and outside specialists or other entities engaged by either BRAVER PC or the Authority. The Authority acknowledges that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of BRAVER PC. We will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

Further, for purposes of the services described in this letter only, the Authority hereby grants to BRAVER PC a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all names, logos, trademarks and service marks of the Authority solely for presentations or reports to the Authority or for internal BRAVER PC presentations and intranet sites.

The work papers for this engagement are the property of BRAVER PC. In the event BRAVER PC is requested pursuant to subpoena or other legal process to produce its documents relating to this engagement for the Authority in judicial or administrative proceedings to which BRAVER PC is not a party, the Authority shall reimburse BRAVER PC at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

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Robert B. Boyer, Chairman  
Board of Directors  
Kent County Water Authority  
May 12, 2011  
Page 6

*Reports and Fees, for Services*

Appendix I to this letter lists the reports we will issue as part of this engagement and our fees for professional services to be performed per this letter.

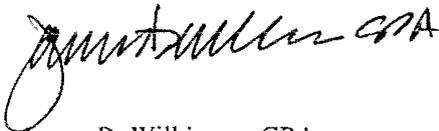
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Our engagement herein is for the provision of annual audit services for the financial statements and for the periods described in Appendix I, and it is understood that such services are provided as a single engagement. Pursuant to our arrangement as reflected in this letter, we will provide the services set forth in Appendix I as a single engagement for each of the Authority's two subsequent fiscal years, or until either the Directors or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be as set forth in our most recent audit proposal to the Authority (which is attached).

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to us.

Very truly yours,

BRAVER PC



James D. Wilkinson, CPA  
Shareholder

ACCEPTED:

Kent County Water Authority

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Title

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Date

**Fees for Services**

Based upon our discussions with and representations of management, our fees for services we will perform are as follows:

Audit of the financial statements of the Authority and audit of Providence Water supply Water Protection Funds Annual Reconciliation as of and for the year ended June 30, 2011.	<u>\$33,600.00</u>
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As outlined in the Request for Proposals ("RFP"), BRAVER PC will conduct the audit in accordance with generally accepted auditing standards and will conduct an audit of the Water Protection Fund in accordance with the Rules of Procedures, R.I. Water Resources Board Corporate, The Public Drinking Water Protection Program, Section 2.4 g.ii and 2.4 g.iii. At the conclusion of our audit we will issue the following reports:

- An opinion on the Authority's financial statements;
- An agreed upon procedures report related to the Water Protection Fund reconciliation;
- An agreed upon procedures report relative to compliance with bond debt covenants; and
- A management letter containing our comments and recommendations regarding the Authority's internal control structure.

The above estimates are based on the level of experience of the individuals who will perform the services and include all routine expenses. Circumstances encountered during the performance of these services that warrant additional time or, expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

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### **Dispute Resolution Procedures**

The following procedures are the sole methodologies to be used to resolve any controversy or claim ("dispute"). If any of these provisions are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

#### *Mediation*

Any party may request mediation of a dispute by providing a written Request for Mediation to the other party or parties. The mediator, as well as the time and place of the mediation, shall be selected by agreement of the parties. Absent any other agreement to the contrary, the parties agree to proceed in mediation using the American Arbitration Association ("AAA") Dispute Resolution Rules for Professional Accounting and Related Services Disputes (As Amended and Effective September 15, 2005) (the "AAA Rules"). As provided in the AAA Rules, the mediation shall be conducted as specified by the mediator and as agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with facilitation by the mediator, to reach a consensual resolution of the dispute. The mediation shall be treated as a settlement discussion and shall be confidential. The mediator may not testify for any party in any later proceeding related to the dispute. No recording or transcript shall be made of the mediation proceeding. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.

#### *Arbitration*

Arbitration shall be used to settle the following disputes: (i) any dispute not resolved by mediation 90 days after the issuance by one of the parties of a written Request for Mediation (or, if the parties have agreed to enter or extend the mediation, for such longer period as the parties may agree) or (2) any dispute in which a party declares, more than 30 days after receipt of a written Request for Mediation, mediation to be inappropriate to resolve that dispute and initiates a Request for Arbitration. Once commenced, the arbitration will be conducted either (1) in accordance with the procedures in this document and the AAA rules as in effect on the date of the engagement letter or contract between the parties, or (2) in accordance with other rules and procedures as the parties may designate by mutual agreement. In the event of a conflict, the provisions of this document and the AAA Rules will control.

The arbitration will be conducted before a panel of three arbitrators, two of whom may be designated by the parties using either the AAA National Panel of Accounting and Related Services Arbitrators or the Arbitration Rosters maintained by any JAMS in the United States. If the parties are unable to agree on the composition of the arbitration panel, the two arbitrators who have been designated by the parties pursuant to the preceding sentence shall designate a third arbitrator. Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these procedures, including any contention that all or part of these procedures are in valid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator shall be appointed unless he or she has agreed in writing to abide and be bound by these procedures.

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The arbitration panel shall issue its final award in writing. The panel shall have no power to award non-monetary or equitable relief of any sort. Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages, shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only as provided in the AAA Rules. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The award reached as a result of the arbitration will be binding on the parties, and confirmation of the arbitration award may be sought in any court having jurisdiction.



**DIXON HUGHES** PLLC  
Certified Public Accountants and Advisors

August 1, 2008

To the Shareholders of  
Braver P.C.  
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Braver P.C. (the firm) applicable to non-SEC issuers in effect for the year ended September 30, 2007. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Braver P.C. in effect for the year ended September 30, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

\* \* \* \* \*

As is customary in a peer review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters described in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

*Dixon Hughes PLLC*

Dixon Hughes PLLC

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**Praxity**  
MEMBER  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

# **EXHIBIT B**

Kent County Water Board Meeting

June 16, 2011

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# BUDGET MEMO

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**To:** Board Members  
**From:** Timothy Brown  
**Subject:** Fiscal Year 2012 Budget  
**Date:** June 16, 2011

**GENERAL:**

This Year's budget was prepared differently than previous year's budgets. Due to the most recent Supreme Court decision and our rate case Docket # 4142 we are limited to the cost of service established. This will take precedent over the setting of this budget. We remain guarded with the rate case revenues being realized because of the continued downturn in sales and the expected future weather pattern. There is no doubt that conservation, closed businesses, foreclosed homes and customer's awareness of the cost of water is having an effect. We still review our previous year's usage, expenditures and revenues for consistency. The potential of a "double dip economy" may be developing and must also be considered. We will work within our budget, infrastructure and capital limits as we do not anticipate a rate case filing this year. There is the potential of a Providence Pass through in the fall of 2011 but that may not materialize. As of this point, we will not seek use of the restricted Operating Revenue Stabilization Fund balance of approximately \$340,000 but will continue to monitor that situation. We will keep open positions vacant as part of our cost expenditure controls and it is not expected to have a detrimental effect on us at this time. We will utilize all funds for the infrastructure program by placing under construction the Quaker Booster Refurbishment, for low service only, and a portion of the IFR 2010 Programming. Our Capital funding will be limited to the existing bond approvals in particular Mishnock Treatment which will be awarded for construction the beginning of the fiscal year. The required Demand Management Strategy must be prepared in this fiscal year with submission the first part of FY 12/13. We must also begin, due to lead time, the preparation of revisions to the Capital Improvement Program and the Water Supply System Management Plan for the Kent County Water System. The amortization of the Source of Supply Studies (5 years) will not be accomplished till 2013.

**FIXED ALLOTMENTS:**

Fixed allotments or allocations are required within this budget as ordered. 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 and to the required restricted amounts. The infrastructure restricted account is underfunded based on our approved plan. We are funding it to the approved PUC allocation supported by the decision from the Supreme Court.

## **SUMMARY OF BUDGET HIGHLIGHTS:**

1. Employee salary increases are included as requested by the Board at the May meeting.
2. Employee Health Insurance contribution remain at 10% reimbursement as directed by the PUC approved rate filing.
3. Workers' Compensation insurance premium has increased due to our experience rating and an approved insurance rate increase.
4. Conservation Program is being carried at the regulated estimate of \$36,000.
5. This year requires a minimum pension contribution of \$222,723 which is \$8,695 increase over last year. This slight increase is due to flattening and the market results.
6. Vehicle replacements authorized last calendar year were held and are now necessary. These as well are budgeted out of the restricted Capital account.
7. With remaining Capital restricted funds we expect to replace our oldest backhoe.

## **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 as in previous budgets has been a difficult issue for the Board to resolve. It has also become extremely difficult for the State as a whole to understand future needs and consideration of securing all possible water for public use. Now with the apparent difficulties in the Big River well field development, the implications of the 65 gallons per capita limit of the water efficiency act, additional supply must still be a paramount question for this Board. We are moving forward with our supply initiatives to secure whatever supply is available to us. There is no doubt the weather pattern will change and there is no doubt the economy will ultimately rebound. We must be prepared for that and we must have the facilities available to supply our customers. So the dynamics in determining supply, need for supply and securing supply remain difficult but essential. Continuation of our renewal programs is critical and must utilize the full capacity of our funds each year. I believe we have sufficient Capital now to move the Quaker Booster refurbishment forward as well as a portion of our 2010 Infrastructure Program. The remaining portion of the 2010 Infrastructure Program will be held until next year. We are limited on funds

available in our bond issue for our Capital Programs. Once the bid has been received on the treatment facility the exact amount of Capital Programming funds remaining will be known.

**DIRECTION:**

The direction of the company this year will be:

1. Upgrade the Quaker Booster Station, low service only. Bid a portion of the 2010 IFR Program.
2. 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 Plant Construction and if funds are available, Mishnock Transmission.
3. Initiate revisions to Capital Improvement Program, Water Supply System Management Plan & Required Demand Management Strategy.
4. Continue to operate and service our customers with courtesy, professionalism and a quality product. We will continue our emphasis on implementing customer service and customer communication strategies.
5. Continue our year long programming of "invest and invigorate." This enhancement in the company will provide for better communication and staff training and improvement all resulting in efficiency of operations.

It is with pleasure that I report to the Board that our system has reached a turning point whereby the benefits of system improvements are now being realized on a daily basis outweighing the detrimental effects of our aged system. This should not overshadow our 120 year old system and the demands that are upon it but it is certainly good news that the improvements are being realized by our customers on a continuous basis. Our programs will certainly continue in the aggressive implementation fashion that they have been. I do believe we will weather the economic downturn, the detrimental effects that it has upon our operations and in the long term we will be poised for continued quality service to our customers. The Board deserves congratulations for all of your work in supporting these programs for the betterment of our customers. We will continue to address the most critical issues first. Integration and use of computers and our GIS system has been achieved. We can only expect better, more efficient operations as we start utilizing these systems to their full capacity. Implementation of these tools is imperative to us to become efficient producing more with less and advancing our customer service and the quality of our water supply. I believe this budget will continue in that vein and I urge its approval by the Board. Everyday we commit to continue to strive for the ideals of Kent County Water Authority for quality of service, quality of product and our dedication to the customers. The Board members should be proud of the staff and the actions that they perform each and every day as it is a reflection on the board and your support that makes this possible. The staff thanks the Board for their continued support and direction for this budget year.

# **EXHIBIT C**

Kent County Water Board Meeting

June 16, 2011

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KENT COUNT WATER AUTHORITY  
FISCAL YEAR 2011 / 2012  
ANNUAL BUDGET

Presented June 16, 2011

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ACCT. #	2011/2012 BUDGET YEAR OPERATING REVENUE	FY	FY	FY	FY	%
		08-09 Actual	09-10 Actual	10-11 11+1	11-12 Budget	
461A	METERED SALES RESIDENTIAL	\$12,155,338	\$12,192,173	\$14,690,541	\$13,635,394	-7.7%
461B	METERED SALES COMM / IND	\$3,173,009	\$3,081,579	\$3,499,076	\$3,481,124	-0.5%
462	PRIVATE FIRE PROTECTION	\$174,426	\$177,945	\$188,715	\$192,449	1.9%
463	PUBLIC FIRE PROTECTION	\$1,179,033	\$1,225,471	\$1,299,710	\$1,302,218	0.2%
464	SALES TO PUBLIC AUTHORITIES	\$668,867	\$703,828	\$802,634	\$746,749	-7.5%
466	SALES FOR RESALE	\$109,262	\$115,096	\$143,231	\$100,000	-43.2%
471	MISC. SERVICE REVENUE ( Interest)	\$159,940	\$226,611	\$220,611	\$170,066	-29.7%
474	OTHER WATER REVENUES (WP Admin Fee)	\$50,586	\$46,180	\$43,475	\$45,000	3.4%
415	PROFIT ON METER SALES	\$3,128	\$2,936	\$3,184	\$5,000	36.3%
416	PROFIT FOR MATERIAL & LABOR	\$38,517	\$21,466	\$18,408	\$18,000	-2.3%
		\$17,712,105	\$17,793,285	\$20,909,585	\$19,696,000	-6.2%
NON OPERATING INCOME						
419	INTEREST ON INVESTMENTS	\$97,044	\$6,915	\$89,581	\$90,000	0.5%
421	DISCOUNT ON PURCHASES/MISC	\$81	\$2,904	\$24,253	\$25,000	3.0%
434	MISC. CREDIT TO SURPLUS					
	TOTAL	\$97,125	\$9,819	\$113,834	\$115,000	1.0%
	TOTAL REVENUE	\$17,809,231	\$17,803,103	\$21,023,419	\$19,811,000	-6.1%
OPERATING EXPENSES						
SOURCE OF SUPPLY						
601	OPERATION & LABOR	\$8,625				
602	PURCHASED WATER	\$4,276,950	\$4,123,544	\$4,822,304	\$4,830,000	0.2%
614	MAINTENANCE/WELLS	\$5,717	\$1,769	\$236	\$240	1.8%
	TOTAL	\$4,291,292	\$4,125,314	\$4,822,540	\$4,830,240	0.2%
PUMPING						
621	FUEL FOR PUMPING	\$4,733	\$956	\$1,154	\$1,150	-0.4%
623	POWER PURCHASED	\$502,667	\$429,121	\$437,935	\$438,000	0.0%
624A	PUMPING LABOR	\$68,315	\$55,998	\$30,997	\$40,000	22.5%
624B	PUMPING EXPENSE	\$4,423	\$4,437	\$3,471	\$3,470	0.0%
631	MAINTENANCE/STRUCT/IMP.	\$36,681	\$29,486	\$28,292	\$28,300	0.0%
633	MAINTENANCE PUMPING EQUIP.	\$35,635	\$36,242	\$38,057	\$38,000	-0.1%
	TOTAL	\$652,455	\$556,239	\$539,907	\$548,920	1.6%
WATER TREATMENT						
641	CHEMICALS	\$111,410	\$169,431	\$165,370	\$165,300	0.0%
642A	OPERATION LABOR	\$51,480	\$75,718	\$76,656	\$76,700	0.1%
642B	OPERATION EXPENSE	\$37,521	\$32,751	\$36,509	\$36,500	0.0%
651	MAINTENANCE OF STRUCTURE					
652	MAINTENANCE OF WATER TR.	\$4,353	\$4,437	\$1,600	\$1,600	0.0%
	TOTAL	\$204,765	\$282,336	\$280,134	\$280,100	0.0%
TRANSMISSION & DISTRIB.						
661	STORAGE FACILITIES	\$697				
662A	LABOR	\$22,774	\$14,370	\$25,326	\$25,300	-0.1%
662B	SUPPLIES EXPENSE	\$38,315	\$38,597	\$64,240	\$64,250	0.0%
663A	METER EXPENSE LABOR	\$26,314	\$32,008	\$45,945	\$45,950	0.0%
663B	METER EXPENSE MATERIAL	\$11,611	\$17,642	\$13,149	\$13,150	0.0%
664A	CUSTOMER INSTALLATION					
664B	CUSTOMER INSTALLATION SUP.					
665	MISCELLANEOUS	\$15,184	\$11,922	\$11,234	\$11,250	0.1%
671	MAINT. STRUCTURES & IMP.	\$5,083	\$7,410	\$6,226	\$6,250	0.4%
672	MAINT. RESV. & STAND PIPES	\$10,764	\$13,245	\$12,430	\$12,500	0.6%
673	MAINTENANCE MAINS	\$529,972	\$583,645	\$586,723	\$586,725	0.0%
675	MAINTENANCE SERVICES	\$153,553	\$181,907	\$266,401	\$266,500	0.0%
676	MAINTENANCE METERS	\$116,588	\$100,371	\$72,728	\$72,730	0.0%
677	MAINTENANCE HYDRANTS	\$97,045	\$76,727	\$86,951	\$87,000	0.1%
679	TRAN. TO CONST. & CUST	(\$7,694)	(\$32,926)	(\$11,134)	(\$11,135)	0.0%
	TOTAL	\$1,020,206	\$1,044,919	\$1,180,218	\$1,180,470	0.0%

	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 10+2	FY 11-12 Budget	%	
<u>CUSTOMER ACCOUNTING</u>						
	\$79,344	\$77,207	\$110,640	\$126,201	12.3%	
902A	METER READING LABOR	\$814	(\$200)	\$2,234	\$2,235	0.0%
902B	METER READING SUPPLIES	\$167,104	\$185,078	\$157,418	\$177,356	11.2%
903A	CUSTOMER RECORDS LABOR	\$80,714	\$57,488	\$68,160	\$68,200	0.1%
903B	CUSTOMER RECORDS SUPPLIES					
904	UNCOLLECTIBLE ACCOUNTS					
	<u>TOTAL</u>	<u>\$327,975</u>	<u>\$319,573</u>	<u>\$338,452</u>	<u>\$373,992</u>	<u>9.5%</u>
<u>ADMINISTRATIVE &amp; GENERAL</u>						
	\$299,023	\$298,991	\$295,254	\$315,293	6.4%	
920	ADMINISTRATIVE SALARIES	\$153,134	\$124,221	\$132,643	\$133,000	0.3%
921	OFFICE SUPPLIES & EXPENSE	\$116,192	\$131,528	\$89,335	\$125,000	28.5%
923	OUTSIDE SERVICES	\$160,278	\$145,782	\$209,145	\$234,287	10.7%
924	PROPERTY INSURANCE & WC	\$431		\$608	\$610	0.3%
925	INJURIES & DAMAGES	\$642,628	\$893,341	\$898,651	\$880,423	-2.1%
926	EMPLOYEE PENSION & BENEFITS		\$413,310			
927	OPED	\$129,353	\$74,882	\$59,572	\$67,500	11.7%
928	REGULATORY COMMISSION		\$34,326			
930	MISC. GENERAL EXPENSE	\$49,431	(\$682)			
930A	MISC. GENERAL EXPENSE	\$13,930	\$21,696	\$13,517	\$13,500	-0.1%
930B	MISC. GENERAL EXPENSE	\$5,228	\$5,000		\$36,000	100.0%
930C	CONSERVATION PROGRAM					
	\$166,729	\$115,225	\$110,224	\$110,000	-0.2%	
932A	MAINTENANCE GENERAL PLANT	\$99,147	\$93,535	\$148,640	\$149,000	0.2%
932B	MAINTENANCE VEHICLES	\$376,018	\$231,578	\$206,383	\$214,823	3.9%
933	UNASSIGNED TIME VAC. HOL. SICK	\$2,211,521	\$2,582,732	\$2,163,972	\$2,279,436	5.1%
	<u>TOTAL</u>	<u>\$8,708,213</u>	<u>\$8,911,113</u>	<u>\$9,325,222</u>	<u>\$9,493,158</u>	<u>1.8%</u>
<u>OTHER EXPENSES</u>						
	\$1,392,172	\$1,510,967	\$1,160,000	\$1,160,000	0.0%	
401	OPERATING EXPENSE	\$158,378	\$146,880	\$150,522	\$150,500	0.0%
403	DEPRECIATION	\$807,349	\$902,923	\$1,477,212	\$1,285,884	-14.9%
408	TAXES OTHER THAN INCOME	\$120,376	\$120,375	\$60,120	\$70,000	14.1%
427	INTEREST LONG TERM DEBT					
428	AMORTIZATION OF DEBT DISC	\$2,478,275	\$2,681,146	\$2,847,854	\$2,666,384	-6.8%
	<u>TOTAL</u>	<u>\$11,186,489</u>	<u>\$11,592,259</u>	<u>\$12,173,076</u>	<u>\$12,159,542</u>	<u>-0.1%</u>
	TOTAL EXPENSES					
	\$6,622,742	\$6,210,844	\$8,850,342	\$7,651,458	-15.7%	
	INCOME (LOSS)					
<u>DEBT SERVICE:</u>						
	\$2,330,000	\$2,415,000	\$2,500,000	\$2,595,000		
	PRINCIPAL	\$1,558,919	\$1,477,213	\$1,387,881	\$1,285,884	
	INTEREST					
	<u>\$3,888,919</u>	<u>\$3,892,213</u>	<u>\$3,887,881</u>	<u>\$3,880,884</u>		

MISCELLANEOUS  
CAPITAL BUDGET FY 2011 - 2012

CAPITAL ASSETS:

VEHICLES:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	Replacement Van #4	\$25,000	Replace existing Van #4 1,500 HD
2	Replacement Truck #19 4WD	\$27,000	Replace existing Truck #19 4WD 6.0 L
3	GIS Van (new)	\$25,000	GIS Small Van
4	Replacement Truck #14 4WD	\$25,000	Replace existing Truck #14, 2WD Pick Up
5	Replacement of Truck #11	\$25,000	Replace with Van 2,500 HD (Tad's)
6	Car 1	\$27,000	Replacement Car 1
	Allowance Trade-in's	(\$5,000)	
	SUB TOTAL	\$149,000	
OFFICE EQUIPMENT:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	New PC's Office Upgrade	\$5,000	Replace aging equipment
2	PC Computer Field Laptops	\$9,000	Add to System Field Use
3	AS 400 Replacement	\$25,000	Obsolete - New Hardware & Software
4	GPS cell phones	\$3,000	New system
5	Software cross connection control	\$5,000	New system state law
6	Software large meter testing	\$5,000	New system Division Rules & Regulations
	SUB TOTAL	\$52,000	
MISCELLANEOUS CAPITAL:			
ITEM #	DESCRIPTION	EST. COST	NOTES
1	Meter Reading Equipment	\$38,000	Replace obsolete reading equipment
2	Misc. hand / power tools	\$10,000	
3	Utility Body Dump Refurbishments	\$40,000	Add 5 years to bodies
4	Re-keying Facilities	\$5,000	Securing System Vulnerability
5	Exterior Tank Cleaning	\$30,000	Tech Park, West Street
	SUB TOTAL	\$123,000	
	TOTAL PROPOSED EXPENDITURES	\$324,000	
	Remaining FY 10-11 funds	\$363,251	
	FY 11-12 funds	\$100,000	
		\$463,251	
	AVAILABLE	\$139,251	Purchase New Backhoe This Fiscal Year

PROPOSED IFR FUNDING

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FUNDING AS OF MAY 1, 2011 RESTRICTED ACCOUNT	\$	7,609,480
MAY & JUNE 2011 FUNDING DEPOSIT	\$	900,000
FY 11-12 FUNDING AS OF JUNE 30, 2012	\$	5,400,000
TOTAL	\$	13,909,480
*11-12 PROPOSED BUDGET EXPENDITURES AS OF JUNE 30, 2012	\$	15,100,000
POTENTIAL DEFICIT	\$	(1,190,520)**

\*5,000,000 2010 IFR PROJECT INCLUDED

\*\*DO NOT EXPECT ALL CONSTRUCTION COMPLETED AND PAID  
IN FY 11-12. NO DEFICIT WILL BE REALIZED

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TOTAL CUSTOMERS  
 FY 2011 - 2012

	FY 2010	AS OF 5/30/2011	EST. GROWTH	TOTAL FOR BUDGET
RESIDENTIAL	25,003	24,966		24,966
COMMERCIAL/INDUSTRIAL	1,580	1,567		1,567
PRIVATE FIRE	293	293		293
PUBLIC FIRE	2,331	2,331		2,331
PUBLIC AUTHORITIES	340	340		340
SALES FOR RESALE	1	1		1

# PRIVIATE FIRE HYDRANTS

HYDRANTS	145
FIRE LINES	148

REVENUES

		FY 10-11 11+1	BASE REVENUE	NEW CUSTOMERS	BUDGET FY 11-12
461A	RESIDENTIAL	\$14,690,541	\$13,635,394		\$13,635,394
461B	COMMERCIAL/INDUSTRIAL	\$3,499,076	\$3,481,124		\$3,481,124
462	PRIVATE FIRE	\$188,715	\$192,449		\$192,449
463	PUBLIC FIRE	\$1,299,710	\$1,302,218		\$1,302,218
464	PUBLIC AUTHORITIES	\$802,634	\$746,749		\$746,749
466	SALES FOR RESALE	\$143,231	\$100,000		\$100,000
471	MISC SERVICE REVENUE	\$220,611	\$170,066		\$170,066
474	OTHER WATER REVENUE	\$43,475	\$45,000		\$45,000
415	PROFIT ON METERS	\$3,184	\$5,000		\$5,000
416	PROFIT ON SERVICE	\$18,408	\$18,000		\$18,000
		\$20,909,585	\$19,696,000		\$19,696,000

ADMINISTRATIVE & GENERAL  
OUTSIDE SERVICES

10-11

BUDGET  
ESTIMATE

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PETRARCA & MCGAIR	\$40,000.00	\$45,000
AMTEC	\$1,800.00	\$1,800
AUDIT BRAVER PC	\$33,600.00	\$34,000
SUMMIT FINANCIAL	\$7,150.00	\$7,200
BANK OF NEW YOUR MELLON TRUSTEES FEES	\$6,000.00	\$6,000
	\$88,550.00	\$94,000
IFR & CIP - 5 YEAR PLANS (PUC ALLOCATION)		\$25,000
Total		<u>\$119,000</u>
Budget		<u>\$125,000</u>

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ADMINISTRATIVE & GENERAL  
REGULATORY COMMISSION

10-11

BUDGET  
ESTIMATE

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PETRARCA & MCGAIR	\$6,377.00	\$10,000
WOODCOCK & ASSOCIATES	\$600.00	\$1,000
DIVISION OF PUBLIC UTILITIES	\$3,411.76	\$5,000
A-1 COURT REPORTERS	\$555.00	\$1,000
CAPITOL COURT REPORTERS		\$500
DIVISION OF PUBLIC UTILITIES ASSESSMENT	\$45,874.13	\$50,000
	<hr/>	<hr/>
	\$56,817.89	\$67,500

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PAYROLL BUDGET

	BASE PAY 7/1/2011 (Includes Proposed Step & Increases)	SCHEDULED OT	NSCHEDULED OT	TOTAL	BONUS	11-12 BUDGET	10-11 ACTUAL 10+2
107 CWIP	7,007			7,007		7,007	6,026
184A MJC - METERS	9,658			9,658		9,658	7,800
184D MJC - REPAIRS	12,712			12,712		12,712	12,996
601 OPERATION - LABOR							
602 OPERATION - SUPERVISION							
624A PUMPING - LABOR	58,703	\$5,000		63,703		63,703	55,600
631 MAINTENANCE - STRUCTUR	22,250			22,250		22,250	20,346
633 MAINTENANCE - PUMPING I	18,937			18,937		18,937	22,720
642A OPERATION - LABOR	71,959	\$5,000		76,959		76,959	76,656
651 MAINTENANCE - STRUCTUR							
652 MAINTENANCE - TREATMEN							
662A TRANS & DIST - LABOR	16,308			16,308		16,308	25,326
663A METER - LABOR	33,112			33,112		33,112	45,944
664A CUSTOMER INSTALLATION							
672 MAINTENANCE - TANKS	10,092			10,092		10,092	12,430
673 MAINTENANCE - MAINS	366,911		\$30,000	396,911		396,911	411,466
675 MAINTENANCE - SERVICES	183,463		\$30,000	213,463		213,463	153,448
676 MAINTENANCE - METERS	45,247			45,247		45,247	51,600
677 MAINTENANCE - HYDRANTS	54,651		\$10,000	64,651		64,651	70,440
902 METER READING	176,201			176,201		176,201	169,440
920 ADMINISTRATIVE SALARIES	315,293			315,293		315,293	310,000
903 CUSTOMER ACCOUNTING	177,356			177,356		177,356	157,418
926 EMPLOYEE BENEFITS					5,100	5,100	5,100
930-E DIRECTORS FEE							
930C CONSERVATION							
932A MAINTENANCE - PLANT	89,237	\$10,000		99,237		99,237	80,527
932B MAINTENANCE - VEHICLES	24,617			24,617		24,617	23,212
933 NON-PRODUCTIVE - LABOR	214,823			214,823		214,823	206,382
<b>TOTAL</b>	<b>\$1,908,535</b>	<b>\$20,000</b>	<b>\$70,000</b>	<b>\$1,998,535</b>	<b>\$5,100</b>	<b>\$2,003,635</b>	<b>\$1,924,876</b>

PAYROLL BUDGET

	BASE PAY 7/1/2011 (Includes Proposed Step & Increases)	SCHEDULED OT	NSCHEDULED OT	TOTAL	BONUS	11-12 BUDGET	10-11 ACTUAL 10+2
107 CWIP	7,007			7,007		7,007	6,026
184A MJC - METERS	9,658			9,658		9,658	7,800
184D MJC - REPAIRS	12,712			12,712		12,712	12,996
601 OPERATION - LABOR							
602 OPERATION - SUPERVISION							
624A PUMPING - LABOR	58,703	\$5,000		63,703		63,703	55,600
631 MAINTENANCE - STRUCTUR	22,250			22,250		22,250	20,346
633 MAINTENANCE - PUMPING I	18,937			18,937		18,937	22,720
642A OPERATION - LABOR	71,959	\$5,000		76,959		76,959	76,656
651 MAINTENANCE - STRUCTUR							
652 MAINTENANCE - TREATMEN							
662A TRANS & DIST - LABOR	16,308			16,308		16,308	25,326
663A METER - LABOR	33,112			33,112		33,112	45,944
664A CUSTOMER INSTALLATION							
672 MAINTENANCE - TANKS	10,092			10,092		10,092	12,430
673 MAINTENANCE - MAINS	366,911		\$30,000	396,911		396,911	411,466
675 MAINTENANCE - SERVICES	183,463		\$30,000	213,463		213,463	153,448
676 MAINTENANCE - METERS	45,247			45,247		45,247	51,600
677 MAINTENANCE - HYDRANTS	54,651		\$10,000	64,651		64,651	70,440
902 METER READING	176,201			176,201		176,201	169,440
920 ADMINISTRATIVE SALARIES	315,293			315,293		315,293	310,000
903 CUSTOMER ACCOUNTING	177,356			177,356		177,356	157,418
926 EMPLOYEE BENEFITS					5,100	5,100	5,100
930-E DIRECTORS FEE							
930C CONSERVATION							
932A MAINTENANCE - PLANT	89,237	\$10,000		99,237		99,237	80,527
932B MAINTENANCE - VEHICLES	24,617			24,617		24,617	23,212
933 NON-PRODUCTIVE - LABOR	214,823			214,823		214,823	206,382
<b>TOTAL</b>	<b>\$1,908,535</b>	<b>\$20,000</b>	<b>\$70,000</b>	<b>\$1,998,535</b>	<b>\$5,100</b>	<b>\$2,003,635</b>	<b>\$1,924,876</b>

IFR FUNDING  
CURRENT AND PROPOSED PROGRAM  
(JUNE 2011)

**FUNDING:**

FUNDING AS OF MAY 1, 2011	\$7,609,480
MAY & JUNE 2011 PAYMENT	\$900,000
<b>FUNDING AVAILABLE AS OF JUNE 30, 2011</b>	<b>\$8,509,480</b>

**FUNDING:**

IFR 2011 CONSTRUCTION - JULY 2011 - JUNE 2012	\$5,400,000
<b>TOTAL FUNDING</b>	<b>\$13,909,480</b>

**ESTIMATED ALLOCATED ONGOING EXPENDITURES 2011/2012**

IFR 2006B & 2007 CONSTRUCTION (RETAINAGE)	(\$214,000)
IFR 2006B & 2007 CONSTRUCTION ENGINEERING SERVICES (CLOSE OUT SERVICES)	(\$10,000)
IFR 2009A CONSTRUCTION (BALANCE & RETAINAGE)	(\$256,000)
IFR 2009A CONSTRUCTION ENGINEERING SERVICES (CLOSE OUT SERVICES)	(\$10,000)
IFR 2009B CONSTRUCTION	(\$5,710,000)
IFR 2009B CONSTRUCTION SERVICES & CONTINGENCIES	(400,000)
<b>TOTAL ALLOCATED</b>	<b>(\$6,600,000)</b>

**ESTIMATED FOR CONSTRUCTION**

QUAKER BOOSTER REFURBISHMENT	(\$3,300,000)
QUAKER BOOSTER REFURBISHMENT ENGINEERING & CONSTRUCTION SERVICES	(\$200,000)
IFR 2010 CONSTRUCTION	(\$12,000,000)
IFR 2010 CONSTRUCTION SERVICES	(\$500,000)
<b>TOTAL ESTIMATED</b>	<b>(\$16,000,000)</b>
<b>TOTAL EXPENDITURES</b>	<b>(\$22,600,000)</b>
<b>POTENTIAL DEFICIT</b>	<b>(\$8,690,520)</b>

**RECOMMEND THIS BUDGET YEAR:**

Construct Quaker Booster refurbishment and split 2010 Construction IFR into 2 contracts. One at approximately \$5,000,000 and the second at \$7,000,000. Bid \$5,000,000 2010 IFR this year and hold remaining for next fiscal year. No potential deficit for budget year.

## CIP PROJECTED EXPENSES

---

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)		\$150,000
READ SCHOOL HOUSE STORAGE TANK REMAINING (CIP 7b)		\$50,000
	<b>TOTAL</b>	<b>\$22,200,000</b>
<b>CAPITAL ACCOUNT (APRIL 30, 2011)</b>		<b>\$15,594,526</b>
	<b>SHORTFALL</b>	<b>\$6,605,474</b>

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# **EXHIBIT D**

Kent County Water Board Meeting

June 16, 2011

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APPROVED  
June 16, 2011

CONFIDENTIAL EMPLOYEE DATA

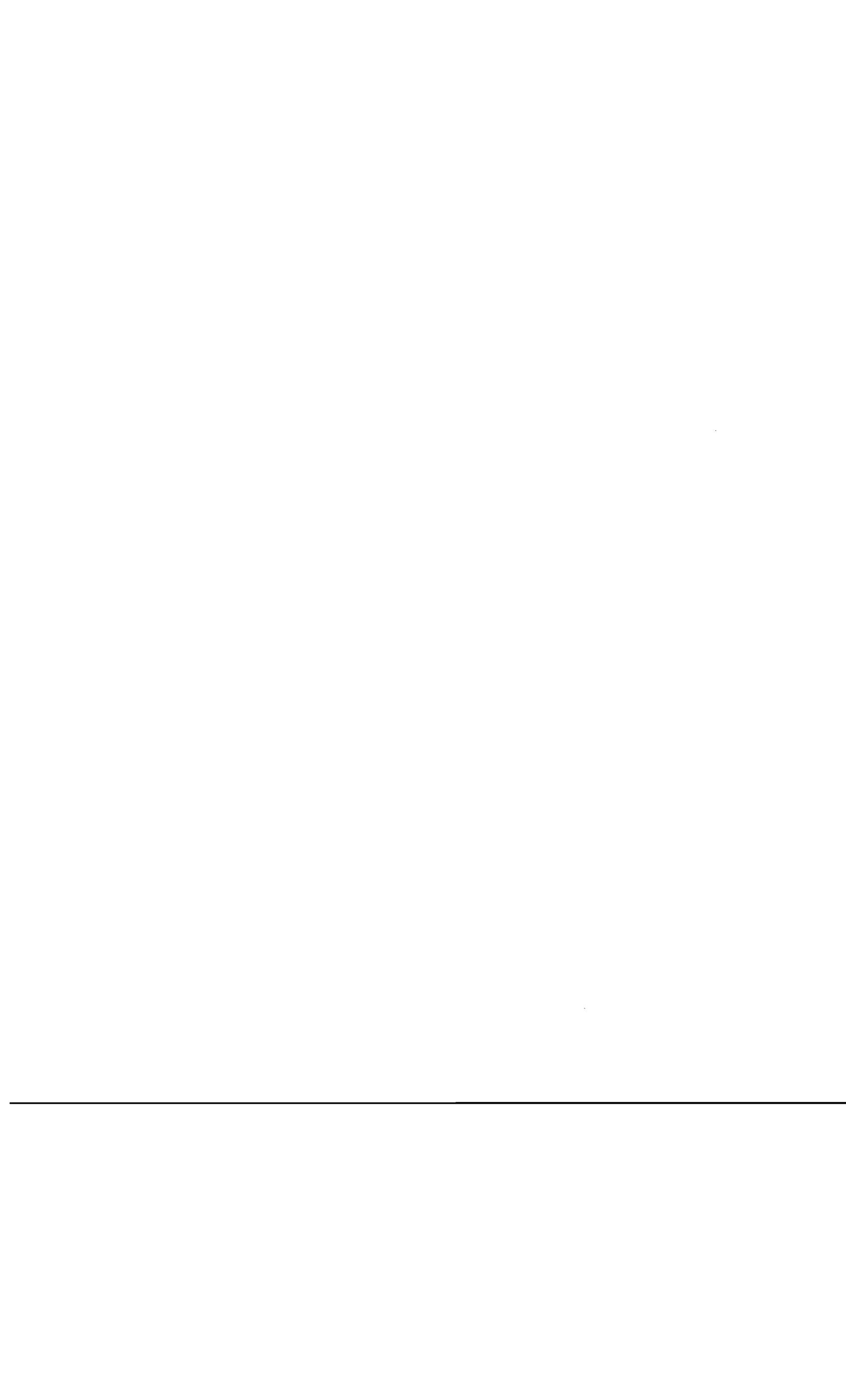
EMPLOYEES	DATE OF EMPLOYMENT :	CLASSIFICATION :	CURRENT SALARY :		AS OF JULY 2011 :		PAY GRADE ADJUSTMENT :
			HOURLY :	ANNUAL :	HOURLY :	ANNUAL :	
		: OPERATOR	\$16.40	\$34,112.00	\$18.86	\$35,068.00	
		: LABORER 2	\$22.95	\$47,736.00	\$23.64	\$49,168.08	
		: LABORER 2	\$19.84	\$41,267.20	\$20.74	\$43,139.20	
		: LABORER 2	\$15.40	\$32,032.00	\$15.86	\$32,992.96	
		: METERMAN 2	\$22.38	\$46,550.40	\$23.05	\$47,946.91	
		: LABORER	\$23.04	\$47,923.20	\$23.73	\$49,360.90	
		: METERMAN 2	\$20.77	\$43,201.60	\$21.39	\$44,497.65	
		: CHIEF OPERATOR	\$23.42	\$48,713.60	\$24.73	\$51,438.40	PG 6
		: LABORER 2	\$22.38	\$46,550.40	\$23.05	\$47,946.91	
		: PIPER	\$24.01	\$49,940.80	\$24.73	\$51,439.02	
		: CONST ADMINIST.	\$24.01	\$49,940.80	\$24.73	\$51,439.02	
		: LABORER	\$22.84	\$47,507.20	\$23.53	\$48,932.42	
		: PIPER/DIGSAFE	\$24.43	\$50,814.40	\$25.60	\$53,248.00	
		: LABORER	\$22.59	\$46,987.20	\$23.27	\$48,396.82	
		: LABORER	\$22.61	\$47,028.80	\$23.29	\$48,439.66	
		: METERMAN 2	\$16.40	\$34,112.00	\$18.58	\$38,646.40	
		: PIPER/DIGSAFE	\$24.22	\$50,377.60	\$25.38	\$52,790.40	
		: METERMAN 2	\$18.31	\$38,084.80	\$19.14	\$39,811.20	
		: METERMAN 2	\$18.04	\$37,523.20	\$18.86	\$39,228.80	
TOTAL				\$840,403.20		\$873,931.55	
		: CREW CHIEF		\$70,000.00		\$70,000.00	
		: CHIEF, FACILITIES		\$75,010.80		\$80,000.00	ADJ SALARY
		: CREW CHIEF		\$72,333.30		\$75,950.00	ADJ SALARY
		: CREW CHIEF		\$66,769.20		\$70,100.00	ADJ SALARY
		: CHIEF METERMAN		\$58,935.60		\$61,900.00	ADJ SALARY
		: LABORER/INV.		\$61,546.80		\$64,600.00	ADJ SALARY
		: CUST SERVICE MGR	\$28.56	\$59,404.80		\$65,000.00	ADJ POSITION SALARY
TOTAL				\$464,000.50		\$487,550.00	
		: CUST. SER. REP.	\$18.31	\$38,084.80	\$19.14	\$39,811.20	
		: CUST. SER. REP.	\$18.04	\$37,523.20	\$18.86	\$39,228.80	
		: CUST. SER. REP.	\$18.59	\$38,667.20	\$19.14	\$39,811.20	
		: GIS OPERATOR		\$43,000.00		\$45,700.00	ADJ SALARY
TOTAL				\$157,275.20		\$164,551.20	
		: DIR. TECH. SER.		\$76,075.80		\$81,000.00	ADJ SALARY
		: DIR. F & A		\$83,200.00		\$88,600.00	ADJ SALARY
		: ENGINEER		\$80,000.00		\$75,000.00	
		: GENERAL MANAGER		\$139,256.00		\$147,000.00	ADJ SALARY
TOTAL				\$378,531.80		\$391,600.00	
GRAND TOTAL				\$1,840,210.70		\$1,917,632.75	
% OVER PREVIOUS FY10						4.2%	

# **EXHIBIT E**

Kent County Water Board Meeting

June 16, 2011

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**JAMES J. GEREMIA & ASSOCIATES, INC.**  
CONSULTING ENVIRONMENTAL ENGINEERS & SCIENTISTS

June 9, 2011

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

Re: 2010 Water System Infrastructure Improvements Project

Dear Mr. Brown:

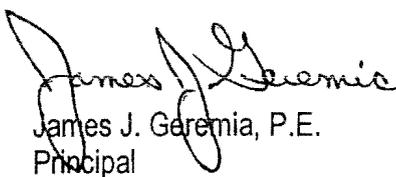
At your request, JGA has prepared Task Order No. 2 to our contract for the 2010 Water System Infrastructure Improvements Project to divide the contract into two (2) projects. As part of the division of the contract, KCWA will have two (2) complete sets of contract documents by which the KCWA can secure separate bids.

Engineering:	Revisions to plans, specifications, distribution of quantities, and additional meetings		\$10,344.00
Man-Hours:	Project Manager	64 hours	
	CADD	40 hours	
	Clerical	28 hours	
Bidding Phase:			\$ 1,306.00
Man-Hours:	Project Manager	6 hours	
	CADD	4 hours	
	Clerical	8 hours	
Printing:			\$ 1,600.00

We have also included the proposed rate changes through December 31, 2012.

If you have any questions, please call.

Very truly yours,

  
James J. Geremia, P.E.  
Principal

Z:\Clerical\My Documents\KCWA\KCWA\09-014(BROWN)-06.docx

272 W. Exchange Street, • Suite 201 • Providence, RI 02903-1061  
Telephone: 401.454.7000 • Facsimile: 401.454.7415



TASK ORDER NO. 2

AGREEMENT BETWEEN  
KENT COUNTY WATER AUTHORITY  
AND  
ENGINEER FOR SERVICES

This Task Order No. 2 is attached to and made part of the Agreement dated 30 July 2009 between James J. Geremia & Associates, Inc. (ENGINEER) and Kent County Water Authority (OWNER) for the 2010 Infrastructure Improvements Project. This Task Order describes the Scope of Service and Compensation for the Task Order known as:

1. SCOPE OF SERVICE

The ENGINEER shall provide to the OWNER the following specific services to:

- A. Modify the 2010 Infrastructure Water System Main Replacements Project by separating the project into two (2) biddable documents that will include plans, specifications, distribution of quantities and coordination and bidding.

3. COMPENSATION INVOICING

3.1 The method of payment for services rendered by the ENGINEER as outlined in Section 1 of this Task Order shall be as follows:

a.	Engineering to separate documents	\$10,344.00
b.	Additional Bidding Phase	\$ 1,306.00
c.	Additional Printing	\$ 1,600.00

3.2 Rate Change: The rates presented below are the projected average rates through December 31, 2012.

Principal	\$ 127.00	CADD Technician	\$ 55.00
Project Manager	\$ 101.00	Clerical	\$ 60.00
Engineer	\$ 75.00	Resident Inspector	\$ 55.00

Mileage during construction: \$0.50/mile.

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

OWNER

ENGINEER

KENT COUNTY WATER AUTHORITY

JAMES J. GEREMIA & ASSOCIATES, INC.

By: \_\_\_\_\_

By: James J. Geremia

ROBERT B. BOYER

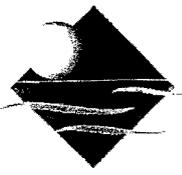
JAMES J. GEREMIA

Title: CHAIRMAN

Title: PRESIDENT

Date: \_\_\_\_\_

Date: JUNE 9, 2011



TASK ORDER NO. 2

AGREEMENT BETWEEN  
KENT COUNTY WATER AUTHORITY  
AND  
ENGINEER FOR SERVICES

This Task Order No. 2 is attached to and made part of the Agreement dated 30 July 2009 between James J. Geremia & Associates, Inc. (ENGINEER) and Kent County Water Authority (OWNER) for the 2010 Infrastructure Improvements Project. This Task Order describes the Scope of Service and Compensation for the Task Order known as:

1. SCOPE OF SERVICE

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- A. Modify the 2010 Infrastructure Water System Main Replacements Project by separating the project into two (2) biddable documents that will include plans, specifications, distribution of quantities and coordination and bidding.

3. COMPENSATION INVOICING

3.1 The method of payment for services rendered by the ENGINEER as outlined in Section 1 of this Task Order shall be as follows:

a.	Engineering to separate documents	\$10,344.00
b.	Additional Bidding Phase	\$ 1,306.00
c.	Additional Printing	\$ 1,600.00

3.2 Rate Change: The rates presented below are the projected average rates through December 31, 2012.

Principal	\$ 127.00	CADD Technician	\$ 55.00
Project Manager	\$ 101.00	Clerical	\$ 60.00
Engineer	\$ 75.00	Resident Inspector	\$ 55.00

Mileage during construction: \$0.50/mile.

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

OWNER

ENGINEER

KENT COUNTY WATER AUTHORITY

JAMES J. GEREMIA & ASSOCIATES, INC.

By: \_\_\_\_\_

By: James J. Geremia

ROBERT B. BOYER

JAMES J. GEREMIA

Title: CHAIRMAN

Title: PRESIDENT

Date: \_\_\_\_\_

Date: JUNE 9, 2011

# **EXHIBIT F**

Kent County Water Board Meeting

June 16, 2011

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<b>PLANNING DOCUMENT \$25,000/YEAR ALLOCATION</b>	
<b>PROJECT</b>	<b>STATUS</b>
Water Supply System Management Plan WSSMP	Approved
Hunt River Interim Management & Action Plan	Removed
2008 CIP Program Plan	Approved
Clean Water Infrastructure Plan 2008	Approved
<b>UPDATED CIP PROJECTS BOND FUNDING</b>	
<b>PROJECT</b>	<b>STATUS</b>
Mishnock Well Field (new wells) CIP - 1A	Permitting Completed
Mishnock Transmission Mains CIP - 1B	Design Review, Funding will be critical to plant operation
Mishnock Treatment Plant CIP - 1C	Bid Opening June 30, 2011
East Greenwich Well Treatment Plant - CIP-2	Draft Report
Clinton Avenue Pump Station Rehabilitation CIP - 7A	Completed
Read School House Road Tank CIP - 7B	Online-Final Payment, Natgun Settlement
Read School House Road Main CIP 7c, 7d, 8a	Close out
<b>IFR FUNDED PROJECTS</b>	
<b>PROJECT</b>	<b>STATUS</b>
IFR 2005	Completed C. O. # 1 Asphalt Adjustment
IFR 2006 A	Closed out, Paving Issue West Warwick, Need Resolution
IFR 2006 B / IFR 2007	Close Out
IFR 2009 A & 2009 B	2009A - Closeout, 2009B, Construction Status
IFR 2010	Engineering Services Approval
Prospect Street	Completed
PWSB 78" / Johnson Blvd. P.S. Modification	Completed
Greenwich Avenue Replacement	Completed
Hydraulic Tank Evaluation	Completed
Quaker P. S. Design	Proceed Low Service Option
Tech Park Tank Recoating	Status
Tiogue Tank Re-Service	Completed
Hydrant Painting	On Going
SCADA Upgrade	Current equipment will not be supported for repair