

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

April 25, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 25th day of April, 2013, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Boyer opened the meeting at 3:30 p.m. Chairman Boyer, Board Members Vice-Chairman Masterson, Mr. Inman and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq. as well as Mr. Duscheneau and Jo-Anne Gershkoff and Mr. Simmons. Chairman Boyer led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of March 21, 2013 were presented for approval. Mr. Gallucci moved passage, seconded by Mr. Giorgio and the minutes were unanimously approved.

GUESTS

3:30 p.m. High Service Requests:

Firestone, Centre of New England Boulevard, Coventry, RI
Millstone Engineers

Mr. McGowan, receiver for Center of New England entities, appeared before the Board along with Benjamin J. Caito, P.E. from Millstone Engineering, P.C., seeking water service in the high service area. The engineer informed the board that Firestone plans to put in a complete auto care retail store at the location. He indicated that this identical plan received approval in 2011. He added that the project received technical review approval.

Mr. Brown added that he reviewed the plan and had no concerns, and recommends approval. After a discussion the board acted.

It was moved by Mr. Inman, seconded by Mr. Masterson, to conditionally approve the request for water supply to a single family home with the following conditions in lieu of a moratorium:

1. The Kent County Water Authority 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 an 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, 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 KCWA.

3. Ventures, commitments or agreements are at the applicant's sole risk if supply for 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 the application 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 guarantors 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) slow preparation shall be employed throughout the project.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That based upon health and safety concerns to conditionally approve the request for water supply to service a single family home with the following conditions in lieu of a moratorium:

1. The Kent County water Authority 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 an 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. KCWA is in the process of planning for additional water supply and therefore delays or diminution in service make occur if the water supply is unavailable or unable to produce water sufficient to service the customers KCWA.

3. Ventures, commitments or agreements are at the applicant's sole risk if supply for

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 the application 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 guarantors 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) slow preparation shall be employed throughout the project.

LEGAL MATTERS

Legal counsel Patrick J. Sullivan updated the Board on the Central Coventry Fire District receivership. He reports that the District remains in receivership. There was an Order from the Judge that the taxpayers pay the second and third quarter tax payments. He also reported activity by the RI General Assembly in an effort to revive the District. Mr. Brown reports that the District owes approximately \$135,000.00 to the KCWA.

Mr. Sullivan also updated the Board regarding the receivership of the Commerce Park Properties at the Centre of New England. He continued that there is a sale of real estate scheduled for hearing in court for \$1,650,000.00 that should raise capital to pay ongoing receivables. Mr. Brown reports that the company continues to pay the \$10,000.00 every other week pursuant to the agreement, but that ongoing bills continue to come due. Further, Mr. Sullivan reports that there was a restraining order scheduled for hearing relating to the relationship between the receiver and Mr. Cambio. Then Mr. Sullivan reports that there is a looming issue related to the infrastructure, increasing water sales, and the common area maintenance agreements. The receiver contemplates a long term resolution to the issue.

Director of Finance Report (Attachment "A")

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. She introduced and explained the Statement of Cash Location FY 2012-2013 (through March 31, 2013) and the Statement of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2012 attached as exhibit "A". A thorough discussion ensued by the board with regard to the sales and revenue.

Chairman Boyer noted that the purchase of water dropped off twenty five (25%) percent. Mr. Brown added that the predictions were for a drier summer than normal.

Mr. Gallucci moved and seconded by Mr. Masterson to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these

minutes.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Statement of Cash Location FY 2012-2013 (through March 2013) and the Statement of Revenues, Expenditures and Changes in Fund Balance as of December 31, 2012 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

There was no activity in this area.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Division Hearing – Service Availability – Appeal –

General Manager reports that the appeal of IN RE: DOCKET NO. D-111-45 COMPLAINT FILING BY GREGORY M. DECUBELLIS AGAINST THE KENT COUNTY WATER AUTHORITY sits in the Superior Court for Providence County and still awaits scheduling by a Judge. KCWA has circulated a proposed schedule to all parties.

642 Washington Street, Status of Engineering Review – Action to Date

General Manager Brown reports that a meeting with the owner had to be postponed, but is being rescheduled.

IFR 2009B Industrial Lane, West Warwick - Paving Issue Agreement

Mr. Brown reports that we still await action from the Town of West Warwick.

PWSB Rate Case Intervention

General Manager Brown requests that KCWA enter the Providence Water Supply Board rate case as an intervener. He indicated that he needs board approval. They are currently looking for a date for a pre-hearing conference. He reports that Providence is looking for a 32.8% increase on wholesale rate, vs. a residential rate of 22.7%. He reports that it is a pass though filing. If approved, Mr. Brown indicates it would be a 10% rate increase to our customers.

Mr. Brown reports errors in their filing. He concludes that it is a complicated rate case, and recommends the board approve intervention.

Mr. Inman moved and seconded by Mr. Masterson to direct rate counsel to intervene in the Providence Water Supply Board Rate Case filed March 29, 2013.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That rate counsel is authorized to intervene in the Providence Water Supply Board Rate Case filed March 29, 2013.

Pension Plan Valuation

Mr. Brown discussed the pension plan valuation. He advises the board that the consultant will be present at the next meeting to make a presentation to the members. There will be a larger increase in the minimum contribution resulting from a smoothing effect over five years. The change in benefits resulted in a short-term spike in the Authority's annual contribution, which is expected to drop the following year.

Tax Audit

The Division of Taxation completed their audit reported Mr. Brown. They left a bill for approximately \$33,000.00. He reported that the Authority sent out bills to the parties who owe the amounts. The Division expects the Authority to pay the bill. Mr. Brown reports that he will ask the Administrator Sullivan to waive interest and penalties for a short period. Mr. Masterson queries how this tax deficiency could happen. Mr. Brown explains this is due to a property's character changing in use, without the owner notifying the Authority.

Policy Memo Miles of Main

Mr. Brown discusses the memo on the miles of water main the Authority has. He reports that on the books, there are about 700 miles of main. Models were done since that determination, and the newly revised number is in the area of 440 miles of main. Mr. Inman asks the age of the main, and how old is the oldest. Mr. Brown reports the oldest portions of the main was built in 1882. He further reports that 50% of the system is 50 years old or older. He reports the Prospect Hill area being replaced now.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant and CIP 1B Mishnock Transmission

The General Manager reports the project is currently behind schedule. Mr. Brown reports pump number 5 is not producing as much water as predicted. All wells are operational but not on line, pending approvals. He reports that the Authority will be training two employees as well as the new engineer/operator manager for the plant. He adds that advertising will be done for a treatment operator to fill one of the two remaining positions. In addition, Mr. Brown recommended Change Order no. 2, for the building perimeter drains around the building and

gutters on the building. This change order is for \$17,902.50. Additionally, Change Order No. 3 was discussed by Mr. Brown. It deals with bollards, widening of the roadway as well as a ladder credit.

It was moved by Mr. Masterson, seconded by Mr. Giorgio, to approve Change Order No. 2 in the amount of \$17,902.50 for perimeter drain work and gutter installation.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That change order No. 2 for perimeter drain work and gutter installation is approved in the amount for \$17,902.50.

It was moved by Mr. Inman, seconded by Mr. Masterson, to approve Change Order No. 3 in the amount of \$19,881.11 for bollards, widening of the roadway as well as a ladder credit.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That Change Order No. 3 for bollards, widening of the roadway as well as a ladder credit is approved in the amount for \$19,881.11.

Mr. Brown indicates that at the next meeting the Revision Task Order No. 5 will be discussed since he just received that paperwork today.

INFRASTRUCTURE PROJECTS

IFR 2009B (Closeout)

The General Manager reports that construction is complete and final payment and closeout remain.

IFR 2010A

The General Manager reports that there is a hold on all paving. The Warwick City Council approved a bond issue, which also needs general assembly approval for revenue bonds to be sold. Mr. Brown recommends that those areas affected not be paved, and one half the cost, if they accept the roads, will be paid to the City.

IFR 2010B

The General Manager informs the board that this project is scheduled to startup mid April 2013. He reports that temporary piping is being installed now. It should be going all this year.

Quaker Lane Pump Station Upgrade

The General Manager reports that there was a butterfly valve that began to leak. Then a

second valve began to leak as well. Both require replacement. He pointed the blame at the contractor, who has accepted responsibility. The valves need rubber gaskets as well. He recommends Change Order #1 to replace the valves in the amount of \$14,750.00.

It was moved by Mr. Masterson, seconded by Mr. Giorgio, to approve Change Order No. 1 in the amount of \$14,750.00 for replacement of the butterfly valves.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That Change Order No. 1 in the amount of \$14,750.00. for replacement of the butterfly valves is hereby approved.

Mr. Brown also indicated that there are structural deficiencies in the block walls that will need to be addressed at the May 2013 meeting. The block walls are not adhered to the foundation.

Tech Park Storage Tank Painting

The General Manager reports that the tank is ready to drain. The contract with Corr Tech, an inspection company is recommended for approval to conduct the inspection of the work to be done at the tank at an amount not to exceed \$9,000.00. Mr. Brown adds that this is well within the settlement funds of \$80,000.00. The tank should be down for approximately 1-5 months.

It was moved by Mr. Masterson, seconded by Mr. Inman, to approve the agreement with Corr Tech for inspection services in an amount not to exceed \$9,000.00.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That the agreement with Corr Tech for inspection services in an amount not to exceed \$9,000.00. is hereby approved.

Water Street Replacement

The General Manager reports that the water line replacement portion of this job is complete, and that the sewer work being done by the Town of East Greenwich should be complete this week.

Apponaug Circulator Water Replacement

The General Manager reports that this project, initially began in 2004, is now ready. The Authority has been notified by the State of the bid documents. This project was engineered in 2004. At that time, the Authority proposed a water main project to replace the Apponaug water main. It did not proceed at the time. He now believes that cost savings will be realized if the

board adds the project to the state DOT construction. He recommends engaging Geremia and Associates to complete the engineering, as they did the initial engineering in 2004 in the amount of \$12,344.00.

It was moved by Mr. Masterson, seconded by Mr. Giorgio to approve the engineering agreement with Geremia and Associates to complete the engineering for the Apponaug Circulator water replacement in the amount of \$12,344.00.

Upon Motion made, and duly seconded, and unanimously voted,

VOTED: That the engineering agreement with Geremia and Associates to complete the engineering for the Apponaug Circulator water replacement in the amount of \$12,344.00 is hereby approved.

Executive Session in Accordance with RIGL 42-46-5(a)(1) - Employee Performance Review, Employment Status

Chairman Boyer addresses Mr. Glen Dixon as follows:

“Mr. Glen Dixon, you were notified in writing on April 17, 2013 that a discussions concerning your job performance was to be held in executive closed session at 4:30 p.m. by the Board of Kent County Water Authority unless you require the proceeding to be held in open session. Do you wish these proceedings to be held in open session?” to which Mr. Dixon requested the proceedings be held in closed session.

Mr. Masterson moved and seconded by Mr. Inman that the board move into executive session for discussion of job performance, character, physical or mental health pursuant to RIGL 42-46-4 and 42-46-5(a)(1)

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board move into executive session for discussion of job performance, character, physical or mental health pursuant to RIGL 42-46-4 and 42-46-5(a)(1).

The board goes into executive session at 4:15 p.m.

At 4:30 p.m. the board emerges from executive session.

Mr. Inman moved and seconded by Mr. Giorgio that the board exit from executive session and that the minutes of the meeting shall remain under seal pursuant to RIGL 42-46-4 and 42-46-5

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the board exit from executive session and that the minutes of the meeting shall remain under seal pursuant to RIGL 42-46-4 and 42-46-5.

There being no further business before this meeting, on motion duly made, seconded and carried, the meeting was adjourned at 4:32 p.m.

Dated: April 25, 2012

Legal Counsel