

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

November 21, 2013

A regular meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of November, 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. Gallucci, Mr. Inman and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq., Rate Counsel Robert Watson as well as Finance Director Jo-Ann Gershkoff, Mr. Duscheneau and Mr. Simmons. Mr. Gallucci led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of October 17, 2013 were presented for approval. Mr. Masterson moved passage with a paragraph of the executive session minutes to be removed as errata, seconded by Mr. Giorgio and the minutes were unanimously approved as amended.

High Service Requests

Alexander Dowlatshahi, 2250 Division Street, East Greenwich.

The applicant did not appear for their hearing and tabled until the December meeting.

Quaker Valley Mall, Robert Nickerson

Chairman Boyer stepped down from the meeting as board member and chair as he cited, on the record, a conflict.

General Manager Brown announced the application and advised the board that this is regarding existing service to the Quaker Valley Mall on Route 2. It abuts the Balise auto dealership currently under construction adjacent thereto. The meter pit that serves the Mall runs through the adjacent lot, which will become the new dealership and needs to be moved. At one point, both lots were under common ownership, which allowed the placement of the meter pit on that lot. Since then, the lot was sold and is being developed. In addition, the owner of the Mall wants to tie off high service for greater pressure. This will resolve pressure problems that currently exist at the mall.

It was moved by Mr. Masterson, seconded by Mr. Giorgio, to conditionally approve the

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request for water supply to the Quaker Valley Mall 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 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 the Quaker Valley Mall 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

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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.

Chairman Boyer re-enters the meeting and announces the next matter on the agenda.

Colbea Enterprises, 642 Washington St., Coventry, Shell Station

Attorney Sullivan introduces this matter to the board as well as two guests representing the company, Mr. Thomas Breckel and Mr. Angelo Ruo. Mr. Sullivan outlines the problem with the contaminated soil that abuts the buried water main that traverses Mr. Colbea's property at that location. Mr. Sullivan introduces Mr. Breckel who proposes a cost sharing agreement. He outlines the history of the discovery of the contaminated soil, and advised the board that he has attended a series of meetings with Mr. Brown and the attorneys. Mr. Breckel offers the board that his company will pay for the relocation of the water main on his property, and asks that the KCWA pay for the cost to bring the main to the edge of his property that is on the other side of the road across route 117. He suggests that the total cost appears to be in the \$75,000.00 range, but he cannot allocate the cost to the two pieces of the job.

Mr. Breckel went on to say he didn't want to excavate too close to the dam wall, and suggested it might be wise to follow the old pipe with the new pipe, but leave it to the engineers to design.

Chairman Boyer immediately reminded the guests that Mr. Brown always acts in the best interest of the KCWA and they will back him up every time. Notwithstanding that, the board was willing to listen to the agreement.

Mr. Brown indicated that he felt uncomfortable using the KCWA contract engineers for the whole job as there may be a resultant conflict. He adds that the whole thing boils down to engineering, and whether the board wants to participate in a cost share arrangement. Mr.

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Gallucci asks if the \$75,000.00 is the entire cost, and Mr. Brown indicates that it would likely be in the area of \$100,000.00.

Chairman Boyer reminded the board that the State will not let the road be torn up now until spring, to which Mr. Breckel and Mr. Brown agreed. Mr. Gallucci proposes a 75%/25% split. Chairman Boyer said it is premature to discuss the matter without the actual cost projections.

General Manager Brown indicated he could have the figures for the following meeting, and the matter was continued.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported that 642 Washington Street was covered in the earlier part of the meeting.

Mr. Sullivan also updated the Board regarding the receivership of the Commerce Park Properties at the Centre of New England. There was nothing substantial to report other than that the Centre of New England continues to operate with a receiver at the helm.

Next, Mr. Sullivan reports that there has been activity with the CCFD receivership. Mr. Brown expressed frustration with the amounts owed, and that it was growing. There was a hearing that took place wherein the board asked to be allowed to liquidate the district. Mr. Sullivan went on to say that the judge didn't immediately authorize liquidation, and was irritated that there were so many taxpayers who haven't paid their tax bill. Judge Stern ordered the receiver to produce a list of delinquent taxpayers and serve them with a show cause order to appear in the court house to show cause why they haven't paid their taxes. Mr. Sullivan advised the board that the opinion of the receiver is that there would be enough tax revenue to pay all the claims, including the KCWA claim when all the delinquent taxes are paid.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Statement of Cash Location FY 2012-2013 and Cash Receipts and Disbursements FY 2012-2013 as of September 30, 2013 attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

There was also discussion regarding shutoffs, and Mr. Brown indicated that KCWA was into a moratorium, before a shutoff can be achieved. There was also an update that the Center of New England owes approximately \$83,000.00 and the CCFD owes approximately \$235,000.00.

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.

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Upon Motion duly made and seconded, it was unanimously,

VOTED: That the financial report and Statement of Cash Location FY 2012-2013 and Cash Receipts and Disbursements FY 2012-2013 as of September 30, 2013 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 discussion on this matter.

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 remains in the Superior Court for Providence County. The matter is before the Judge.

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

General Manager Brown reports that Mr. Sullivan covered this topic.

Review KCWA Organizational Structure/Strategic Plan Update

General Manager Brown next discussed the strategic plan. He indicated that the pieces are still coming together and time is needed, and that there is input that is needed from board members. He reiterates that this is complicated, and that a host of issues are required to be looked at, including, but not limited to supply issues, distribution, and facilities issues.

Payroll Review

General Manager Brown again recommended that this matter be postponed based upon the accounts receivable the KCWA is owed. Mr. Brown suggests that this be taken off the agenda for the time being.

Wakefield Street Hydraulic Modeling

Mr. Brown indicated this is the tank that was the subject of the boil water advisory. He indicated that the modeling has concluded that this tank be taken offline. It is currently being drained and it won’t come back online. It has met its life expectancy. He further indicated that

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the entire system needs to be looked at. He indicated that demand is down and this will dictate the future of the KCWA. The Amgen pharmaceutical manufacturer demand never materialized. He contemplates a hybrid system going forward. Chairman Boyer asked what the cost would be to conduct modeling on the entire system. Mr. Brown indicated it could be done for less than \$50,000.00.

RFP Approval – IFR 2014/2015 Design Service

Mr. Brown indicates that the opening of the RFP was conducted on November 18, 2013. This will replace deteriorating parts of the system. There were four proposals, split with two being extremely high, and two being reasonable offers. He indicated that the highest cost was five times the cost of the lowest. He reminded the board that these were proposals, not bids. Mr. Brown recommended C & E, as well as James J. Geremia, for interview by the board. He indicated it is in the board's discretion to interview.

Mr. Masterson indicated that with C & E, it is a big jump in time. Mr. Brown added that the RFP maxed out to 210 days, which was a requirement of the RFP. Mr. Masterson indicated that the board should allow Mr. Brown to conduct negotiations.

Chairman Boyer then added that he had digested these proposals in detail. C & E was at \$107,000.00 and Geremia was at \$140,000.00. The Chairman went on to say that the portion of the work is aerial mapping and that Mr. Brown should negotiate these proposals. He added that the KCWA had a good history with both firms that presented proposals, and Mr. Brown should conduct the negotiations.

Mr. Inman asked that Mr. Brown only negotiate with two low priced of the submission companies, and not the four.

Mr. Brown added that he would have a hard recommendation.

KCWA Rate Case/PWSB Docket 4406

General Manager Brown discussed this rate case. He advised the board that he authorized a stipulated settlement. It was in reference the pass through case. He advised the board that hearings were held the week before the meeting. The wholesale rate was dropped from 32.8% to 2%. Mr. Brown indicated there were no members of the public who attended. This increase will result in a .5% net increase to the customers. He indicated if the matter wasn't settled, hearings would have gone on throughout December at a cost to all involved.

Mr. Inman commented that the stipulated settlement was a significant savings to the customer rather than the 32.8% wholesale increase. Mr. Brown added that our witnesses did a fantastic job and did the bulk of the work. The Commission asked our witness questions and used KCWA data presented.

Rate Counsel Watson advised the board that a forensic audit of the data allowed KCWA to work with Bristol County and the City of Warwick rather well. Chairman Boyer praised

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Chris Woodcock and added that he has done a great job for us over the years.

Discussion of Facility

Chairman Boyer addressed the board and advised that it was his opinion that it was time for the board to consider a new facility. He indicated that the current facility had been outgrown years ago. He advised the board that he had conducted research over a period of time and he, on his own, had scouted out two pieces of real estate that he thought might fit the bill for the KCWA. He suggested the former Inskip repair facility in West Warwick and the Mack Truck building in the Center of New England. He added that he visited both and encouraged the board to visit the Mack Truck facility. He thought the facility was a perfect fit. Mr. Brown indicated that the owner is currently in bankruptcy and it may have some legal issues.

Mr Brown indicated that it would require a rate filing and we would need to be extricated from the CAM agreements and bring our own water main in, as he thought the PUC would sour on it otherwise.

CAPITAL PROJECTS:

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

The General Manager reports the plant's tracer study came out very well. The plant is behind schedule. The production of water is occurring daily.

INFRASTRUCTURE PROJECTS

IFR 2010A O'Donnel St. West Warwick Business Park

Mr. Brown reports the paving is complete. He requests the board approve the change order no. 2 for a price adjustment to asphalt, which is based upon oil prices.

Mr. Masterson moved, seconded by Mr. Gallucci, to approve C.O. # 2 for \$20,526.49 for asphalt adjustment.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That C.O. # 2 for \$20,526.49 for asphalt adjustment is hereby approved.

IFR 2010B Prospect Hill (Construction Status)

The General Manager informs the board that construction is ongoing and moving along well. He hopes the paving is done prior to the onset of winter.

Quaker Lane Pump Station Upgrade

The General Manager reports that the construction is in full swing with the deadline having

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passed for the pump station to be operational. He reports the contractor is doing the final grading and cleanup.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown indicates that legal counsel is developing an escrow agreement.

System Chlorinators, Addition to Clinton and Quaker Pump Station

Mr. Brown indicated that this was sent to the RIDOH for emergency chlorination to each site.

There being no further business before this meeting, on motion duly made by Mr. Inman, seconded by Mr. Giorgio and carried, the meeting was adjourned at 5:00 p.m.

Dated: December____, 2013

Legal Counsel