

**JOINT MEETING TOWN COUNCILS OF BARRINGTON, BRISTOL, AND WARREN
WEDNESDAY EVENING - AUGUST 25, 2010**

PRESENT:

BARRINGTON TOWN COUNCIL: Speakman, Brenner (arrived at 7:45 o'clock PM), Lazzaro

BRISTOL TOWN COUNCIL: Marshall, Cordeiro, Parella (arrived at 7:20 o'clock PM), Barboza, and Herreshoff (arrived at 7:30 o'clock PM)

WARREN TOWN COUNCIL: Frerichs, Alfano, DePasquale, and Tattrie

ALSO PRESENT: Michael A. Ursillo, Esq., Town Solicitor
(Barrington and Bristol)

John Simone, Esq., Acting Town Solicitor (Warren)
Sandra Mack, Esq., BCWA Counsel

The Councils of Barrington, Bristol and Warren met in special session on Wednesday evening, August 25, 2010 in the Bristol Town Hall, Council Chambers beginning at 7:10 o'clock PM.

Documents Received:

1. Michael A. Ursillo, Esq., re (Draft May 27, 2010) Bristol County Water Authority Request for Proposals for: Performance Audit of the Bristol County Water Authority, &c.
2. (Sandra Mack) re "TRI-TOWN MEETING" (suggested agenda)
3. (Councilman DePasquale) re "Ms Mack" (questions related to the BCWA pension plan)

Council Chairman Marshall noted that the purpose of this "Tri-town" meeting was to consider the Request for Proposals (RFP) for the Performance Audit of the Water Authority (BCWA). He further noted that the moving forward with the audit would require the cooperation of the Water Authority and that he was informed that the Authority was in agreement to move forward with an audit and that each Town and the Authority will share in one-fourth of the cost of the audit.

President Frerichs called attention to the bullet points noted on page 4 of the Draft RFP. He suggested that the "Infrastructure maintenance and replacement reserves" should be considered as separate items.

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President Frerichs also asked to know: why, according to information provided on page 7 are draft and final reports only delivered to BCWA, and also on page 7 information should read not less than 25 copies and that the report should also be available in PDF format. President Frerichs also explained that on Page 8, the "Background" section is misleading because it is doubtful that any of the capital improvements will be completed soon.

A discussion ensued regarding the Camp, Dresser and McKee report "Evaluation of the Bristol County Water Authority Sources, Interconnections, and Treatment Plant" Revised May 2010. Councilman DePasquale made a motion that the group should add the topic of his memorandum to Ms. Mack (document 3 above) to the agenda for discussion.

Town Solicitor Ursillo noted that the Barrington Town Council was awaiting a quorum and that all three Councils could vote to decide to add an agenda item for discussion once the Barrington quorum was present.

Mr. Alfano expressed concern that the posting of the meeting did not include "action" on the agenda item.

Town Solicitor Ursillo explained that any new agenda items added this evening could not be action items but could be discussed without further action with the exception of referring same to the solicitors if required.

An unidentified member of the audience asked to know why Ms. Mack's document was not part of the posting of the meeting with Ms. Mack responding that the document she prepared and presented to the body was a suggested outline for the discussion of the RFP.

Councilwoman Tattrie noted that the Draft RFP was prepared prior to the availability of the Camp, Dresser and McKee report and that since the report has become available the tenor of the RFP may have to be changed. She also noted that the report appears to indicate some difficulties with the BCWA facilities, reservoir, etc., and suggested that the Towns may wish to consider a new direction; perhaps selling the Authority to the State.

Councilwoman Parella arrived at this point in the meeting (7:20 o'clock PM).

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Ms. Mack provided an "overview" of the nine (9) points raised in her outline. She added that the request for the audit was "driven" by water rates and the cost of operations and that an engineering and a financial audit were not necessary. She noted that engineering aspects were examined in the Camp, Dresser and McKee report and that this report was commissioned by the State in order that the State Water Resources Board would take a State-approach to water utilities.

She also explained that a "financial audit" was already completed regularly as a requirement of those agencies which approve the BCWA's bonding and regulate its finances. Ms. Mack stated that the "goal" of the audit should be related to operations and efficiencies including "what may be done better and more efficiently" including the utilization of personnel.

Ms. Mack reported that the draft RFP was "an awesome start, but at the wrong starting point."

Ms. Mack also reported that the State has \$8 million for improvements to the Shad line and treatment plant and that she spoke to State officials regarding this recently. She added that the BCWA Board was not yet aware of the availability of these funds.

Ms. Mack noted that there appears to be no point in moving forward with the RFP if there is no funding and that if the Towns commit to the funding she would agree to bring this matter before the BCWA board and ask the board to "pony up."

Ms. Mack added that the BCWA is "highly regulated" and may not be able to implement all of the efficiencies recommended through the audit. She noted that the BCWA is regulated through the Environmental Protection Agency, the State Department of Health, the Massachusetts Department of Environmental Protection, the State Water Resources Board, and others.

She explained that there have been suggestions for efficiencies in the past and that these could not be implemented due to the many regulatory agencies rules.

Ms. Mack also reported that the Authority has a binding contract with its workers' union which will be expiring in May 2012. She noted that the results of the audit may be utilized during future contract negotiations.

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Councilman Herreshoff arrived at this point in the meeting (7:30 o'clock PM).

Ms. Mack further reported that State law mandates that the BCWA reservoir system must be maintained and upgraded.

Councilwoman Tattrie noted that the Camp, Dresser, and McKee report indicates that the present BCWA systems have not been maintained properly.

Ms. Mack noted that neither she nor Councilwoman Tattrie are engineers and that their reading of the Camp, Dresser, and McKee report should be done carefully. She added that the "Safe Water Law" was enacted after the formation of the BCWA.

Ms. Mack noted that the capacity of the BCWA system can be brought up to 5 MGD; this being regulated by the Shad Line. She further noted that this will take State action to be put in place and that improvements have been "hodgepodge and piecemeal" to date due to emergencies and that it is difficult to work through the bureaucracy.

Ms. Mack informed those present that the State wants a redundant system and that this matter has been the subject of discussion with the Water Resources Board and that only \$8 million is available with no opportunity for additional funding. She also explained that the BCWA is in agreement regarding the redundant system since the cost of purchasing water exceeds the cost of the needed improvements to the existing system.

Ms. Mack explained that the Towns spend funds to put in the cross-bay pipeline and that the remainder of the cost regarding upgrades to the existing system should be the responsibility of the State and that the goal of the BCWA is to work with the State to assure a safe, redundant system.

Ms. Mack again suggested that the focus of the Tri-town/BCWA audit should be to consider the efficiency of BCWA operations including the possibility of outsourcing some aspects of same if this option is warranted.

Council Chairman Marshall observed that this matter before the Councils is "not an easy task" but that it appeared to be the collective opinion that it was necessary. He also observed that it appears there was no intention to rely upon the cross-bay pipeline for 100% of the County's water; especially when there is an alternate supply available.

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Councilwoman Tattrie asked to know if the BCWA was regulated by the State Department of Environmental Management (DEM) with Ms. Mack responding that the reservoirs in Rhode Island were under the jurisdiction of the DEM but that the agency was not responsible for the treatment plant and issues.

Councilwoman Tattrie observed that the Camp, Dresser, and McKee report seemed to indicate that dredging of the reservoirs might be part of the solution going forward but that the environmental authorities seem to disfavor this idea.

Council Chairman Marshall asked to know if the State Water Resources Board might "trump" the DEM with Ms. Mack responding that the Rhode Island authorities would have no jurisdiction over the Massachusetts authorities.

Councilman Barboza asked to know if the biggest challenges were related to the Town of Rehoboth with Ms. Mack responding that the most environmentally prudent solutions would require that lines (now through wetlands) should be placed in the streets and that the Select Boards have refused to consider this option. She noted that the Massachusetts Town authorities maintain that BCWA does not have any rights to the Massachusetts water.

President Speakman asked to know if this is a State problem with Ms. Mack responding that she (Ms. Mack) is working with State counsel concerning this matter.

Councilman Brenner arrived at this point in the meeting (7:45 o'clock PM).

President Speakman observed that there appeared to be a good deal of correspondence going back and forth concerning this matter with Ms. Mack noting that the parties appear to be "playing a game" of back and forth correspondence.

Councilman Alfano informed those present that he was on the BCWA from 1994 until 1997 and was trying at that time to get the Shad pipeline repaired. He noted that the situation is similar to the film "Groundhog Day" with the state of affairs repeating over and over. He also expressed concern that the BCWA does not wish to conserve water since its reasoning for raising water rates was centered on insufficient sales of water.

Councilman Alfano also observed that "something doesn't click" concerning the high expenses versus the low water usage and that it appeared as "the tail wagging the dog." He noted that the

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concern of the Councils was related to this issue of cost and the need for efficiencies.

President Frerichs observed that the Federal authorities should become involved due to the interstate nature of the problem with Ms. Mack responding that this appears to be a "huge interstate issue."

A discussion ensued regarding the outline as provide by Ms. Mack with Councilman DePasquale enquiring about the possibility of a financial audit.

Ms. Mack responded that her list was provided as an outline and that the BCWA supports an audit that will examine efficiencies.

President Speakman noted that the "Scope of Work" as provided on Page 4 of the draft RFP was never technical but rather speaks to management aspects. She asked to know if the body was in favor of the Scope of Work.

Ms. Mack responded that some of those items listed might be considered as part of a financial audit these including timekeeping and payroll. She noted that these could also be considered as part of a "management" audit since these items could possibly be outsourced in the future in order to save money.

President Speakman asked to know if the pension issue would be part of a management audit or a matter of policy with Councilman DePasquale explaining that he considered this to be a management issue. He added that it "boggles the mind" to understand that there is a large amount of underfunded pension liability. He added that he is not convinced that the in-house audit is adequate. He also added that the more he reads he concludes that persons in-control of the authority will receive inordinate benefits in the pension plan.

Councilman Herreshoff stated that he was in agreement with Councilman DePasquale in that the audit should be completed by persons who are completely objective. He added that the auditors should be charged with examining the patterns for the circumstances leading to rate increases. He also added that he was of the opinion that the audit should be commissioned by the three Towns for a "fresh look with a narrow focus relating to process."

Ms. Mack explained that the BCWA was in agreement with the idea to focus on operational efficiencies.

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Councilwoman Parella stated that she was in agreement with the idea of an efficiency study and that this might resemble one completed some time ago when the Town of Bristol retained a consultant to study the costs relating to fee-driven services. She added that the pension issue should also be examined but that this study would likely need the services of a separate set of experts.

Ms. Mack agreed that the pension is "a huge problem" and that the BCWA has a larger problem with its OPEB Fund. She added that much of the problem was inherited from the former Bristol County Water Company which was privately owned.

Councilwoman Parella suggested that the BCWA policy regarding pensions and benefits should change with Ms. Mack noting that the Authority agrees that there should be some change.

Mr. DePasquale asked how the pensions and benefits will change if these are not studied.

Ms. Mack noted that these matters have already been studied by the BCWA and that the timing for change is unfavorable since the cost of buy-out would be high.

President Speakman expressed concern that the last water rate increase was predicated on low water sales and that the last meeting with the BCWA was "frustrating with no answers."

Ms. Mack again suggested that the proposed study should be limited to efficiencies. She also suggested that the pension issue might be examined by the State pension board since this group would examine the plan without cost to the Towns.

Councilman Herreshoff stated that he would wish to examine those elements of the BCWA business which increased the greatest amount in cost and focus upon the "worst offenders."

President Frerichs stated that most businesses require that employees should share in the cost of benefits.

Councilman Cordeiro stated that the last paragraph provided on Page 4 of the draft RFP "tells it all."

Councilwoman Tattrie asked if the BCWA "model" is the "correct model." She added that the audit might address the model issue and also if the Board configuration is proper and if the Board is adequately informed.

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Ms. Mack asked to know if Councilwoman Tattrie was referring to the BCWA's "business model" with Councilwoman Tattrie explaining that she was uncertain as how to describe it.

Councilwoman Parella suggested that the auditors should talk to all of the various "stakeholders." She added that it may also be valid to determine if the "public authority" is the best way to provide water to the region.

Town Solicitor Ursillo responded that the Water Authority is established through State law and that it would be likely more productive to consider the management and operations study at this time.

Councilwoman Parella added that the study should compare what is typically done by other water providers.

Ms. Mack noted that the BCWA is generally considered as one of the better run water agencies in the State.

Councilwoman Parella stated that the study should investigate the background of the Authority as it compares to other similar agencies so as to determine if the BCWA is "out of line."

Council Chairman Marshall stated that he was "taken aback" by the estimated cost of the audit at \$80,000 with Ms. Mack explaining that the \$80,000 included an engineering audit which is not necessary.

Council Chairman Marshall stated that he was of the opinion that each entity (three Towns and the BCWA) should each supply \$10,000 for a total of \$40,000 for the audit.

Councilman Herreshoff asked to know if the BCWA will agree to pay one-fourth of the cost of the study (\$10,000) with Ms. Mack responding that the Authority board did not vote on the matter but that she was in agreement that \$10,000 was a reasonable request.

Councilwoman Parella stated that she was unsure if the \$40,000 would suffice and that the four entities may wish to consider an amount not to exceed \$12,000 apiece.

Councilman Herreshoff asked if all of the parties could agree upon the concept and scope of the audit with Ms. Mack suggesting that the four entities should agree upon an appropriation each of \$10,000 - \$11,000 prior to finalizing the RFP since without

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the commitment to allocate and spend the funds there would be no need for the RFP.

President Frerichs stated that he was comfortable with a \$10,000 appropriation.

Ms. Mack suggested that the parties may wish to discuss the goals with the prospective 'bidders' and that the process should be made to be transparent.

Councilman Herreshoff noted that the process might uncover problems that should be discussed in executive session.

Ms. Mack suggested that the "Criteria" as provided on page 7 of the RFP might be amended as follows:

Capability, capacity and qualification	25 <u>30</u> points
Relevant experience	20 <u>25</u> points
Methodology, etc.	30 points
Cost, etc.	25 <u>15</u> points
Total	100 points

Councilman DePasquale stated that the fact that a bordering town paid \$20 million for a desalinization plant "boggles the mind" when it may have been more cost effective for that town to join the BCWA.

Ms. Mack noted that the BCWA does not have enough water to sell to any more towns.

Barboza/Herreshoff - Voted unanimously to appropriate \$10,000 for the purposes of the performance audit (later withdrawn).

Prior to the vote taken, Gary Morrison of Barrington addressed the body and noted that he was experienced with the elements of a compensation study and explained that this type of study could be completed for a relatively small cost. He added that he has twenty (20) years of experience in this field.

Town Solicitor Ursillo explained that the compensation study would be part of the overall performance audit with Mr. Morrison

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explaining that Ms. Mack characterized a compensation study as costly and that Ms. Mack was incorrect in her assertion.

Brenner/Lazzaro - Voted unanimously to appropriate \$10,000 for the purposes of the performance audit.

Frerichs/DePasquale - Motion to appropriate \$10,000 for the purposes of the performance audit (later withdrawn).

Prior to the vote taken, Jeff Black of Barrington suggested that the Towns could do a basic audit without an RFP and that many documents could be "boiled down" to a handful.

Mr. Black also expressed his opinion that the BCWA lacked transparency and that its board was open to complaints and ridicule regarding same.

Mr. Black stated that sometimes all three of the Barrington representatives on the BCWA board are absent from the meetings and that Pasquale DeLise (the BCWA Executive Director) is "allowed to run the show. He also suggested that the Board of Directors "is not up to speed."

Mr. Black further suggested that the organization lacks integrity and that information is misrepresented in the Annual Reports and that these reports include untrue statements. He further noted that the Camp, Dresser, and McKee report indicates that the condition of the Shad is a "serious impediment" and that for years the BCWA has asserted that it is "working on it."

Mr. Black also alleged that the BCWA has "poor management" and that the Authority has undertaken "pointless feasibility studies."

Mr. Black also stated that the BCWA has a poor website, pays too much overtime, and pays too much in legal fees. He also noted that the cost of chemicals to treat the BCWA water exceeds the cost of purchased water and suggested that Council members should "do the math."

Mr. Black suggested that the Councils should take strong action and not participate in a study. He also suggested that the

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Councils should interview new candidates for the position of Water Authority Directors.

Councilman Herreshoff asked to know what might be the suggested next step for the Councils with Ms. Mack suggesting that the time-table appearing in her memorandum remained feasible.

Ms. Mack agreed to e-mail an amended document to the Town Solicitors who will finalize it based upon this evening's discussion. She also suggested that the Solicitors should be responsible to open the bids.

Councilman DePasquale noted that the BCWA should not manage the bid process.

Ms. Mack noted that the bid documents will require that the submitted bids be sealed.

Councilman Brenner suggested that the Bristol Town Clerk should manage the bid process since Bristol has the greatest number of customers as compared to Barrington or Warren.

Town Solicitor Ursillo stated that it would be acceptable to have the Bristol Town Clerk's Office receive the bids on behalf of the body but cautioned that all four entities should be involved in the award.

Councilman Herreshoff suggested that it may be more advisable for the bids to be received by Town Solicitor Ursillo and that a single point-person might be appointed by the Chairman/Presidents to collectively represent the group.

President Speakman noted that the original RFP was prepared by the various Chairman/Presidents.

Councilman Brenner noted that the appointee should not have the authority to award any contract with Councilman Herreshoff in agreement stating that the purpose of the appointed body would be to vet the proposals.

Councilman Lazzaro noted that the Federal government should become involved in the problem of the Water Authority since a major issue involves two States.

Mr. Black suggested that the State may acquire the BCWA with Councilman Herreshoff suggesting that solution may make matters worse.

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President Speakman suggested that a new solution may emerge via the performance audit.

Cordeiro/Herreshoff - Voted unanimously to issue the RFP as amended and refined based upon this evening's discussion.

Lazzaro/Brenner - Voted unanimously to issue the RFP as amended and refined based upon this evening's discussion.

Council Members Alfano and Tattrie expressed concern that the agenda lacked sufficient notice that action would be taken this evening.

Warren withdrew its motion to fund.

Acting Town Solicitor Simone stated his opinion that the notice regarding the action item was insufficient.

Town Solicitor Ursillo noted that the notice resembles action items normally found on Barrington and Bristol agendas. Warren Council Members explained that their agendas normally include the word "action" when Council action is anticipated.

Councilman Barboza withdrew his motion to fund Bristol's share of the performance audit.

It was noted for the record that all work will continue with votes from Warren and Bristol regarding funding to come later.

Brenner/Lazzaro - Voted unanimously that by September 7 or the next meeting thereafter all necessary motions to effect issuance and funding of the RFP will be considered.

Ms. Mack noted that the correspondence provided by Councilman DePasquale considers points relating to pension which is outside of her area of expertise. She suggested that the matter might be better discussed with the BCWA's Personnel Committee.

A discussion ensued regarding Councilman DePasquale's correspondence with Town Solicitor Ursillo noting that this matter was not advertised as part of this evening's agenda. He suggested that the body may wish to add the item to the agenda

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and that discussion may take place but that further action was not possible.

Councilman DePasquale made a motion to include the matter of his correspondence on this evening's agenda. There was no second.

There being no further business to consider, upon a motion by Councilman Barboza, seconded by Councilman Alfano, with the group in consensus and voting unanimously, the meeting was declared adjourned at 8:55 o'clock PM.

Louis P. Cirillo, CMC, Council Clerk and Secretary Pro-tempore