

TRI-TOWN COUNCIL MEETING - TUESDAY EVENING - APRIL 26, 2011

BARRINGTON PRESENT: Speakman (arrived at 7:50 o'clock PM),
Coyne and DeWitt

WARREN PRESENT: Frerichs, Stanley, Lial, and Tattrie

BRISTOL PRESENT: Marshall, Barboza, Teixeira, Herreshoff
(arrived at 7:12 o'clock PM) and Parella

WATER AUTHORITY PRESENT: Jannitto, Dugan, Gosselin, Klepper,
McElroy, Nencka, Rego, and Sylvia

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

Peter DeAngelus, Barrington Town Manager
Richard Paduch, Warren Town Manager

The Town Councils of Barrington, Bristol and Warren met in special session for the purpose of discussing the status of the pending Bristol County Water Authority report with B&E Consulting, LLC, in the Bristol Town Hall, Council Chambers beginning at 7:05 o'clock PM.

Council Chairman Marshall led the assembly in the Pledge of Allegiance to the Flag.

Barrington members present (Coyne and DeWitt) noted the absence of a quorum for the Barrington Council. Town Solicitor Ursillo explained that the members could remain and participate but should not "convene" their Council and also should not vote until a quorum is present.

Council Chairman Marshall noted that the single matter before the body is the pending report from B&E Consultants regarding the performance issues of the Bristol County Water Authority (BCWA) and to consider the reasons for its delay.

Council Chairman Marshall also explained that this "audit" will be available in approximately twenty (20) days and that the group will likely reconvene in order to discuss same in detail and to also discuss "moving forward."

Councilman Barboza noted that the group will hear from the representatives of B&E and will reserve public comment until the report is presented.

Councilman Herreshoff arrived at this point in the meeting (7:12 o'clock PM).

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Both the Bristol and Warren Councils indicated a formal "call to order at this time (7:12 o'clock PM).

Walter Edge and David Bebyn from B&E Consulting introduced themselves.

Mr. Edge explained that he never expected to be at this meeting in April when he considered the work in October of last year. He added that he assumed the contract would be accepted in November and that his firm would have worked on the report during November, December and January. He further explained that there were several delays before the contract was finalized and that these delays found his firm in the throes of "tax season" and that his firm has an active tax return preparation business.

Mr. Edge acknowledged that he attempted to have the report share his time with his tax preparation obligations and that he concluded in late March that it (the "audit") would not be done in time with the quality he wished to provide.

Mr. Edge noted that the original proposal was to provide a performance audit and not a rate study and that although he agreed to provide a rate study he had not sufficiently examined the availability of data prior to agreeing to complete the study. He added that the BCWA's computer programs were found to be incompatible with the type of study that he was prepared to complete. He also added that he did complete rate studies in the past for other utilities and assumed that this one would be equally, not more, challenging. He further explained that his was a "bad assumption."

Mr. Edge reported that the BCWA computer system could not provide rates by customer "class" and explained the technical pitfalls of this deficiency insofar as the rate study is concerned. He added that there are five (5) revenue blocks and no one could provide information as to how much revenue was provided by each block.

He also reported that Mr. Bebyn had to build a model to see the actual figures and that this model was tested statistically and also that this building and testing placed the project further behind in its time line.

Mr. Edge reported that this model and testing cost his firm

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\$10,000 - \$15,000 in billable hours and also that he, as president of his firm, decided to absorb the cost.

Mr. Edge also reported that some of the audit considers issues that must be prepared in order to "yellow book" standards. He added that the so-called "yellow book" is a manual of required auditing procedures for government entities.

Councilman Herreshoff stated that the Councils wish was to know if the BCWA is running properly and efficiently and asked to know if the "yellow book" standards might supplant common sense with Council Chairman Marshall reminding those present that the plan for this evening's meeting was to determine the reasons for the delayed report and not to discuss any specific issues relating to the audit.

Mr. Edge explained that the report forthcoming will be based upon his firm's examination of every phase of the BCWA business.

Councilman Herreshoff responded that Mr. Edge's answer was "reassuring."

Mr. Edge reported that he found the employee contract to be "significantly different" from others and expressed opinion that the overtime provision was too broad - providing too much overtime.

Mr. Edge also reported that he "takes full responsibility" for the tardiness of the final report and that the reason is partially due to his tax practice and that he never intended to have the BCWA audit overlap the tax season. He added that he is here to ask for an extension of time.

Councilman Herreshoff asked to know Mr. Edge's time requirement with Mr. Edge responding that he will need time through May 25, 2011 and will provide a preliminary report to the BCWA for comments by May 15. He added that this report will be confidential and provided to the Authority's legal counsel and Chairman.

Council Chairman Marshall noted that the procedures outlined by Mr. Edge appear to be consistent with his experience when the Town's finances are audited.

Councilman DeWitt explained that at his first meeting as a Councilor he was made to understand that the audit findings were to be distributed to the three Councils and the BCWA at the same

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time. He stated that he also understood that there was to be no "cleansing" of the audit information. He added that he sees the matter of a "pre-report" to the BCWA as a "big setback" since a problem seems to exist with the Authority being forthright.

Councilwoman Tattrie agreed with Councilman DeWitt and stated that she finds it problematic if the report is released only to the select few. She added that this process may create further problems if the BCWA takes an inordinate amount of time to respond to the preliminary report.

Town Solicitor Ursillo asked to know if there was any reason why the Councils could not receive the preliminary report with Mr. Edge explaining that he cannot allow two separate reports (the preliminary and final) to be available since this will lead to confusion. He added that the "yellow book" requires that any response should be done in a timely manner and also if the BCWA does not respond quickly, the report will become final without the response considered.

Councilman Herreshoff asked to know if the report might be "watered down" based upon the BCWA's response with Mr. Edge responding that he finds the inference insulting.

Councilman Barboza stated that he was of the opinion that an audit response does not generally change the audit's findings.

Mr. Edge explained that he intends to change only factual errors further explaining that if the audit were to indicate that a certain person has a certain responsibility and that this is discovered as factually incorrect he would change it. He reminded those present that he is an independent auditor and that the findings and recommendations - excepting those he agrees may be factually incorrect - will not change from the preliminary to the final report.

Town Solicitor Ursillo asked to know if the various responses become part of the final report with Mr. Edge responding affirmatively. He added that the situation was similar with a report he prepared recently for the City of Woonsocket in that it was considered to be "private" until the response was considered.

Council President Frerichs stated that the situation was "unfortunate" since the Councils were led to believe that the report would be available to them as a "partner" in the ordering of the audit but also understands B&E's ethical dilemma.

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Town Solicitor Ursillo reminded those present that the original scope of the audit was that it was to be "non-yellow-book."

Mr. Edge stated that the practice he intends to deliver (preliminary to BCWA only) is what is considered as acceptable and that he did not know why a different arrangement was anticipated.

Council President Frerichs stated that the various parties "just want the facts."

Mr. Edge offered to bring both the preliminary report and final report to the Councils in executive session with Councilman Stanley stating that since the Councils paid for the report they should also be entitled to a first-look.

Councilwoman Tattrie asked to know if the BCWA Board would receive the report initially with Mr. Edge responding that the report would typically be given to the executive director and the board chairman.

Councilwoman Parella confirmed Mr. Edge's offer to share both the preliminary and final reports side-by-side with the Councils in executive session.

Town Solicitor Ursillo noted that the original proposal agreed that the preliminary reports should be submitted to the Councils and BCWA at the same time with Mr. Edge explaining that this information was in error.

Councilman DeWitt asked to know why the issues relating to the delays were not discussed previously with Mr. Edge responding that the primary issue is related to his firm being "buried" by the rate study. He added that the project is significantly over budget and that he is not asking for additional remuneration but rather is asking for time.

Mr. Edge added that he is certain that the parties wish to have the report "good, fast, and cheap" but that he can only deliver two of these.

Councilman DeWitt again expressed concern that the Councils were not informed about the delays in a timely manner. He also questioned as to whether the final report will have the level of transparency originally anticipated.

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Mr. Edge again stated that he must follow the "yellow book" standards. He added that if the process is not followed some good ideas may be lost in a "firestorm." He added his willingness to share the reports in executive session and stated that having the first report early would serve no purpose and that he would prefer to provide only the "correct" report and not one with correctable factual errors.

Councilwoman Coyne stated that her goal is to have transparency with Mr. Edge informing the assembly that he wishes also to have transparency. He added that he filed his original proposal in October and did not receive notice that his firm was retained until December.

Council President Speakman arrived at this point in the meeting (7:50 o'clock PM) and called the Barrington Town Council to order since a quorum was now present.

Council Chairman Marshall noted the presence of State Sen. Christopher Ottiano.

Councilman Barboza suggested that it seemed to provide little value to "target" Mr. Edge provided that the end report is fair and of good quality.

Council Chairman Marshall asked Mr. Edge to describe what he anticipated for the executive session procedure with Mr. Edge agreeing to meet with the Councils during an executive session bringing both the preliminary and the completed report and show both of these to members. He added that he plans to collect the preliminary reports before the executive session is adjourned and leave one version only of the report behind.

Councilwoman Parella agreed that the antiquated computer system likely contributed greatly to the tardiness of the rate study. She added that she would prefer to have a quality report than a timely one and also that it may be difficult to hold an executive session with all three (3) Town Councils at the same time.

Council Chairman Marshall agreed that the Town of Bristol held up the award of the contract to B&E while it performed its due-diligence.

Mr. Edge reported that he has completed fifteen (15) performance audits relative to the Caroulo Act and is considered an expert

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in same. He added that this is the first time that a Town Council has asked to see a preliminary report.

Mr. Jannitto stated that the BCWA "will welcome whatever the report says" and that the goal of the BCWA is to provide good, safe drinking water to the people of Bristol County.

Mr. Edge reported that there has been no difficulty with gaining information from the Water Authority. He added that the only problem was related to the antiquated software which he believes was 'inherited' from the former Bristol County Water Company.

Council Chairman Marshall noted that the model developed by B&E may be useful to the BCWA in the future with Mr. Edge responding that the model was specific to this particular rate study.

Mr. Edge added that "the rate structure of the BCWA is wrong for the rate payers" and must be changed.

Councilman Lial asked to know if it was "strange" that the rate block revenue was unavailable with Mr. Edge responding affirmatively.

Mr. Jannitto reminded those present that the plan for this meeting was to discuss the timing of the report and no specifics. He added that he was concerned that there would be negative headlines in the newspaper prior to anyone seeing the auditor's findings.

Council Chairman Marshall agreed that the purpose of this meeting was to discuss only the timing/tardiness of the report.

Councilman DeWitt asked to know the anticipated deliverables with Mr. Edge responding that the final report will be delivered by June 15, 2011 with or without the responses of the BCWA. He added his plan to provide certain portions of the report "piecemeal" to the Water Authority in order to provide sufficient time for its response.

Councilman DeWitt asked for a confirmation of the completion date of June 15, 2011 with Mr. Edge responding "unless I am in the hospital."

Councilman Teixeira asked to know how long BCWA would have to respond after its receipt of the preliminary report sections with Mr. Edge responding that the typical response time is two (2) weeks but that there may be some "back-and-forth."

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There being no further business, upon a motion by Councilman DeWitt, seconded by Councilwoman Coyne and voted unanimously, Council President Speakman declared this meeting of the Barrington Town Council to be adjourned at 8:06 o'clock PM.

There being no further business, upon a motion by Councilman Herreshoff, seconded by Councilman Barboza and voted unanimously, Council Chairman Marshall declared this meeting of the Bristol Town Council to be adjourned at 8:06 o'clock PM.

There being no further business, upon a motion by Councilwoman Tattrie, seconded by Councilman Lial and voted unanimously, Council President Frerichs declared this meeting of the Warren Town Council to be adjourned at 8:06 o'clock PM.

Louis P. Cirillo, Secretary Pro-tempore