



**State of Rhode Island and Providence Plantations
Water Resources Board**

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FINANCE COMMITTEE MINUTES
Wednesday, August 15, 2007

Members Present:

William Penn, Committee Chair
Daniel Varin
Ian Morrison

Members Absent:

Staff Present:

Juan Mariscal, P.E.
Kathleen Crawley

Guests Present:

Call to Order

With a quorum present, Chairman Penn called the meeting to order.

Reports

Motion by Mr. Varin, second by Mr. Morrison to approve the Chief Business Officer's Report for July 2007 subject to modifying the year to date budget column for payroll expenses. The vote in favor was unanimous and the motion carried.

Discussion

The Committee discussed current staffing and the need to fill the Finance position. They reviewed the report and focused on funding for personnel and the year to date figure. Ms. Crawley agreed to review the year to date figure and correct any errors. They reviewed the grants category and Ms. Crawley explained that several "transactions" related to the Rivers Council for the FY 2008 fiscal year are actually 2007 expenditures and that the total expenditures should balance with the budget across the two fiscal years.

Motion by Mr. Varin, second by Mr. Morrison. to accept the Chief Financial Officer's Report for July as prepared by Mr. David Bebyn. The vote in favor was unanimous and the motion carried.

Discussion

The Committee restated the need for a full time financial staff person that could prepare the reports rather than paying an outside accountant. They reviewed project balances in the Phase III Public Drinking Water Protection Program, specifically the fund balance in the EDC (QDC) project account. There was discussion about reopening of the program. Ms. Crawley stated that technically, from a financial perspective, there is no reopening required since WRB has not filed a certificate of completion and has not asked bond counsel to complete paperwork. Mr. Mariscal added that the Board took action to close the program. There was additional discussion of the potential to reconfigure the program in the future and recognition that this would require legislative changes. There was general discussion about the merits of the QDC request and the Committee acknowledged that if the project had merit, then the Board should reconsider the request as a specific, one time exception to the program based upon unusual circumstances. It was agreed to keep the options open, hear what QDC

and the Public Drinking Water Protection Committee have to say. Mr. Mariscal stated that staff would follow up with bond counsel.

Mr. Penn then directed the Committee's attention to the administrative fund balance which are available for administration of the Water Quality Protection Program. He questioned what expenses might be eligible to be paid from the fund. There was discussion about what governs the fund expenditures-the bond indenture? Ms. Crawley stated that she had a copy of the bond indenture and could look at it, forward excerpts to Mr. Penn in order to formulate questions for bond counsel. Mr. Penn explained that the fund builds as revenues from the surcharge exceed the debt service and as interest is earned. The excess revenue is transferred at the end of the year. Mr. Mariscal stated that staff would follow up with bond counsel.

Contracts/Payments

Motion by Mr. Varin, second by Mr. Morrison to approve one year Konica Minolta CPC Maintenance Contract renewal. The vote in favor was unanimous and the motion carried.

Motion by Mr. Varin, second by Mr. Morrison to approve payment of \$840.00 for an addendum to Summary Report for Proposed Project Property Well Sites (Hydrologist) in support of the Groundwater Protection/Acquisition Program. The vote in favor was unanimous and the motion carried.

Discussion

Mr. Mariscal explained that Mr. Johnson had been hired to conduct hydrological investigations related to the Tuckahoe Turf Property and that additional work had become necessary for other sites. Although the expense is less than \$1,000, Mr. Mariscal sought the approval of the Board. Mr. Varin recognized Mr. Johnson's excellent qualifications.

Motion by Mr. Varin, second by Mr. Morrison to approve payment of \$385.00 to bond counsel (Partridge, Snow & Hahn) for legal services rendered through July 31, 2007. The vote in favor was unanimous and the motion carried.

Motion by Mr. Varin, second by Mr. Morrison to approve payment of Invoice # 415 in the amount of \$375.00 to B & E Consulting, LLC for the July CFO Report Preparation. The vote in favor was unanimous and the motion carried.

Motion by Mr. Varin, second by Mr. Morrison Approve payment of \$101.40 from the Water Resources Board and \$67.60 from Water Resources Board Corporate to Konica Office Products for the copier service agreement (Usage/Overages) rendered from 7/07/07 through 08/07/07. The vote in favor was unanimous and the motion carried.

Capital Budget

Motion by Mr. Varin, second by Mr. Morrison to approve the FY 2009 - 2013 Capital Budget-Request. The vote in favor was unanimous and the motion carried.

Discussion

Mr. Mariscal introduced and summarized the proposed Capital Budget Request. He stated that the Capital Request tries to break new ground and be more flexible about funding in order to tackle the Board's number one project- the Big River Groundwater Development Project. He reviewed the prior request that had been generated through the Big River Ad Hoc Committee to generate \$200,000 in general revenue "seed money" to develop an RFP to solicit development proposals. The WRB was not able to get the state to commit funds to do

the project. They believed that the project should not be funded with general revenue funds, but instead should be funded through revenue bonds.

Summary of highlights presented and discussion:

- Many of the projects presented in the CIP are not really capital projects, for example the Water Allocation Program. These projects are multi year
 - Those with an asterisk are currently under contract
 - Big River stream gages are funded
 - The request includes funding for wetlands study in the Big River Management Area to address issues identified by RIDEM and WRB that need to be addressed before the project goes forward.
 - The intent is to include funding for wetlands study in the Big River Management Area in the Supplemental Request
 - Funding the wetlands work requires other planned projects to be delayed.
- Cost projections for the Big River Groundwater Development Project were developed using work that had been done for WRB in 1999 and updated using the same cost index (Engineering News Record Construction Cost Index).
- Cost projections for the Water Allocation Program are developed with the U.S. Geological Survey.
- Cost projections for the emergency interconnections are based upon projects in progress for early years and prior studies with updated costs in the out years. A new bond issue is identified.
- \$35 M in new state GO bonds are proposed in the five year Capital Plan. The proposed bond issues are consistent with the current Senate water legislation directives. The plan proposes funding targeted to resurrecting abandoned supplies. The timing recognizes the process required to issue bonds (i.e. public referendum, legislative action) and the completion of Supplemental Water Study. The plan does not evaluate the overall debt of the State.
- There should be priorities within the \$35M if funding is not available over the five year timeframe.
- For the Big River Groundwater Development Project, the Debt service on \$34 M will be \$2.7 M per year. The wells will produce between 5-7 mgd. The revenue will need to come from the people who buy the water. The water will be expensive in order to pay for the debt service and the operations and maintenance costs.
- Priorities are influenced by funding

Motion by Mr. Morrison, second by Mr. Varin to adjourn. The vote in favor was unanimous and the motion carried.

Respectfully Submitted,

Kathleen Crawley
Staff Director