



State of Rhode Island and Providence Plantations

Water Resources Board

Foundry Office Building, 3rd Floor, Suite 394

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Providence, RI 02908

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FINANCE COMMITTEE MEETING

Friday, February 26, 2010 * 11:30 am

MINUTES

Members Present

William Penn, Chair

Jon Schock, Vice Chair

Jesse Rodrigues

Staff Present

Kenneth J. Burke, P.E.

Kathleen Crawley

Romeo Mendes, P.E.

Emily J. Cousineau

Members Absent

Bill Parsons / Michael Walker*

Guests Present

Gerard Cayer, Cayer Caccia LLP

Geri Bennet, Cayer Caccia LLP

CALL TO ORDER

Chairman Penn called the meeting to order at 11:34pm, noting that a quorum was present.

APPROVAL OF MINUTES

Motion by Mr. Schock, second by Mr. Rodrigues, to approve the minutes of the Finance Committee Meeting dated of January 21, 2010. The vote in favor was unanimous. The motion carried.

FINANCIAL CONSULTANT REPORTS & ACTION ITEMS

A. Chief Business Officer Report – January 2010

Motion by Mr. Schock, second by Mr. Rodrigues, to approve the Chief Business Officer's report for the month of January 2010. The vote in favor was unanimous. The motion carried.

Discussion

In January, the Finance Committee asked staff to evaluate fund balances and identify any funds that could potentially be encumbered. Members and staff reviewed the CBO report and discussed fund balances, encumbrances, and projected expenditures. Of the remaining balances personnel costs, the Big River Education reimbursement, USGS contracts, insurance and the Coventry PILOT are third quarter and fourth quarter expenses that cannot be encumbered. Mr. Penn asked about requesting invoices from the US Geological Survey in order to encumber those funds. Mr. Burke responded that staff would investigate this and that they had recently met with USGS to report progress, timelines and deliverables. The staff is now receiving monthly progress reports from USGS.

B. Ratification of accountants Cayer Caccia, LLP, as Board Corporate financial services provider

Motion by Mr. Rodrigues, second by Mr. Schock, to ratify the approval of the firm Cayer Caccia, LLP, as the new financial services provider. The vote in favor was unanimous. The motion carried.

Discussion

Mr. Cayer introduced himself and his associate, Ms. Bennet. He noted that Cayer Caccia, LLP, has managed finances for both government and quasi-government agencies. Their work for Board Corporate will include monthly CFO reporting, quarterly statements, and depositing surcharge payments from water suppliers. Mr. Penn noted that the firm also works with the Clean Water Finance Agency. He provided Mr. Cayer and Ms. Bennet with a brief explanation of the State's current actions toward dissolving Board Corporate into CWFA.

C. Chief Financial Officer Reports – November 2009, December 2009, & January 2010

Motion by Mr. Rodrigues, second by Mr. Schock, to approve the Chief Financial Officer's Reports for November 2009, December 2009, and January 2009.

Discussion

Mr. Cayer and Ms. Bennet distributed the individual CFO reports reflecting the previous three months.

D. Third Quarter Financial Report

Motion by Mr. Rodrigues, second by Mr. Schock, to accept the Third Quarter Financial Report. The vote in favor was unanimous. The motion passed.

Discussion

Mr. Cayer and Ms. Bennet distributed the report at the time of the meeting.

ITEMS FOR DISCUSSION & ACTION

A. Payment Requests – Board Corporate

Motion by Mr. Rodrigues, second by Mr. Schock, to approve payment of the Partridge Snow & Hahn, Invoice # 244721 for \$70.00. The vote in favor was unanimous. The motion carried.

B. Draft Divestment Plan for BRMA Properties

Mr. Burke reported on his work with the State Properties Committee. Legal counsel agrees that the Board should move ahead with implementing month-to-month tenancies. Mr. Burke proposed notifying tenants of the new arrangement by April 1, 2010. Furthermore, all tenancies would expire permanently on April 1, 2011. The proposal would encompass all residential properties, including original owners. With the Board's approval, staff will seek SPC's approval, and report back at the March 15th Board meeting. By January 1, 2011, an RFP would go out to bid for contractor assessments regarding removal of structures, including hazardous material remediation, and other liabilities. Staff would solicit interest for the reuse of the buildings, working with the RI Housing Authority to develop the RFP. Bids would be accepted through April 1, 2011.

Mr. Penn stated that the Board should establish a primary priority for the reuse of each building before demolition. He suggested a financial incentive to anyone willing to physically relocate a structure. Mr. Schock suggested that the RFP be structured to reflect each parcel as a separate bid item.

Mr. Schock asked about removal and disposal costs. If the Board plans to pay this to the lowest bidder, perhaps 50% of the low bid could be used as a base amount to incentivize moving a house instead of simple demolition. Mr. Burke replied that he had spoken to Mike Mitchell, a state legal aide, about the State's policy on surplus property. The award must go to the lowest bidder. Mr. Penn commented that, as a Board, it would be more desirable to recycle the buildings or, at least, recycle the materials. Mr. Burke said the RFP criteria ranking could favor vendors who propose recycling.

Mr. Penn asked about how the Board would budget the divestment. Mr. Burke stated that \$7,000 is the basic figure for demolition and to back fill the site. The figure does not include hazard material assessments. Mr. Penn recommended that a budget be created to help visualize the best implementation options, versus keeping the properties at status quo. Mr. Rodrigues agreed that this would be the best way to justify divestment to the SPC.

Mr. Schock discussed the matter of the original owners' rights. He stated that these tenants should be treated differently as a matter of policy. The only exceptions are cases where repairs cost more than demolition or the property has been vacated.

The committee concluded that the staff should: 1) develop a budget, 2) create a plan for handling original owner, and 3) plan to prioritize relocating each structure or, failing that, recycling the demolition material. Mr. Burke stated that he would create a method for establishing the removal costs versus the worth of each property.

Mr. Penn stated that he would modify the Board Agenda to make this matter a topic for discussion, rather than approval.

C. Draft Business Plan for the Big River Wells Development Program

Mr. Burke stated that, due to a lack of interested buyers, the plan may work best if the wells are phased in one-half at a time. Mr. Schock stated that 2.1mgd is the lowest viable, cost effective system. Mr. Burke stated that he has reviewed summaries for a 4.2mgd facility. Overall capital costs were reduced due to water quality proving to be better than initially expected.

Mr. Penn expressed disapproval of Weston & Sampson's suggestion to perhaps fund the project with a G.O. Bond. Mr. Burke replied that this was merely intended to show all possible options. Mr. Penn stated that a G.O. Bond option should not appear in the draft at all, as it would place the cost on tax payers, rather than the water user.

Mr. Schock asked if Kent County Water or QDC need additional water other than during the summer months. Mr. Burke replied that they did not. Mr. Schock continued by stating that, were these two suppliers to come off of Providence Water, PWSB would need to raise rates. However, if water is needed in the HAP basin, EDC and North Kingstown would be in greater need of the supplemental supply.

Mr. Burke further explained that the plan is very preliminary. Further hydraulic modeling will need to take place in order to understand the different options.

Mr. Penn asked if the Board has the right to tell Kent County that they can not redevelop their Mishnock well fields, given that a cleaner and more cost effective source exists. Mr. Schock stated that the business plan can not be completed without assurance that DEM will sign a permit to withdraw the needed quantity of water from the Big River site. Mr. Burke replied that, with Kent County's application for their Mishnock wells, the Big River wells would become unnecessary. The Board needs a customer before applying for a permit. Staff is moving on this quickly and the news is incredibly current. He plans to speak with Dr. Sullivan, of RIDEM, and Ms. Swallow, of RIDOH, about Kent County's permit with respect to the Big River source.

Mr. Penn concluded that the issue would be discussed at the Board meeting

OTHER BUSINESS: No other business was presented.

ADJOURNMENT

Motion by Mr. Rodrigues, second by Mr. Schock, to adjourn the meeting. The vote in favor was unanimous. The motion carried and the committee adjourned at 12:55pm.

Respectfully Submitted,



Emily J. Cousineau
Implementation Aide

The meeting place is accessible to the handicapped in conformance with RIGL 42-46-2. Individuals requesting interpreter services for the hearing impaired must notify the Board office at tel. 401-222-1450, at least 72 hours in advance of the meeting date. If requested, tapes of the meeting will be made available.