

The Narragansett Bay Commission
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Vincent J. Mesoella
Chairman

Raymond J. Marshall, P.E.
Executive Director



OFFICIAL MINUTES OF:

Meeting of:	Joint LRP-Finance Committee Meeting
Date:	March 25, 2014
Time:	10:15 a.m.

MEMBERS PRESENT:

Robert Andrade, Committee Chairman
Richard Burroughs
Mario Carlino
Jonathan Farnum
Joseph Kimball
Vincent Mesoella
John MacQueen
Alan Nathan
Harold Gadon, CAC

MEMBERS ABSENT:

Michael DiChiro
Joan Milas
Leo Thompson

STAFF AND GUESTS PRESENT:

Raymond J. Marshall, NBC Executive Director
Thomas Uva, NBC
Jennifer Harrington, NBC
Karen Musumeci, NBC
Leah Foster, NBC
Karen Giebink, NBC
Richard Bernier, NBC
Christine Cooper, NBC

Joanne Maceroni, NBC
Tom Brueckner, NBC
Jamie Samons, NBC
Joe Pratt, Louis Berger Group
Sean Searles, MWH
Paul Nordstrom, NBC

1. Call to Order

Finance Committee Chairman Robert Andrade called the March 25, 2014 Joint LRP-Finance Committee Meeting to order at 10:15 a.m.

2. **Approval of Minutes** – Finance Committee – December 10, 2013

Chairman Andrade asked for a motion to approve the December 10, 2013 Finance Committee meeting minutes as written. Commissioner Farnum moved to approve the December 10, 2013 Finance Committee meeting minutes as written. Commissioner MacQueen seconded the motion. The vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

3. **Items for Action**

A. Review of Monthly Financial Statements and Expenditures

Karen Giebink advised that the Committee members have before them the February monthly financial report.

With respect to Budget vs. Actuals, NBC is currently spending under budget. There are a few accounts that staff is watching closely, however. Personnel expense is running pretty tight to budget. With respect to the large line items in the Operation and Maintenance category, the bio-solids production at Fields Point is up considerably and the consensus is that it is related to the new BNR facilities. Staff is projecting to finish about \$400,000 over budget this year. She noted that the dry ton production is up over 10%. Staff is also watching closely electricity usage as well as the electricity production of the turbines. She noted that there was also an increase in the line item for maintenance and service agreements related to electrical testing at Field's Point of approximately \$180,000. In the special services category, NBC is running right on budget, but there are two line items that we are continuing to monitor. One is related to the Bucklin Point management contract where the Replacement and Management account is actually over budget however we are underspending on some of the chemicals. The second line item is regulatory expense as NBC received a supplemental bill from the Public Utilities Commission. They had previously been calculating their annual assessment incorrectly, and as a result they doubled NBC's assessment. NBC saw almost a \$200,000 increase in this annual fee which is a lot to absorb in a single fiscal year.

With respect to personnel, 98% of the positions that are budgeted are currently filled. On page 2 of the report, the user fee billings were looking good but they have since dropped off in January and February. They are under the projected levels, which is consistent with what we have experienced every year. She noted that staff is continuing to keep an eye on the billings and that the declining consumption is one of the items that NBC has tried to address in the most recent rate case pending with the PUC.

With respect to receivables, they are up slightly compared to this time last year. The amount outstanding is approximately \$13.3 million. We would expect that to drop as we start our water shutoff process. There is a moratorium for residential customers in the winter so we have started that process again and the receivables should respond accordingly.

On page 3 of the report, cash and investments total \$95.9 million. The investments are shown under Item B.

On Page 4 of the report there is information related to the long- term debt. You can see that NBC's Variable Rate Demand Bonds are pricing very well, below the SIFMA index. Right now we are pricing around 0.03%.

Total debt outstanding as of February 28th is \$585.3 million. We have also executed a loan on March 6 of \$45 million from the RI Clean Water Finance Agency which is significantly higher than the original

figure of \$25 million. She noted that the TIC of the loan is 2.467% and that it is the subsidized rate, which is excellent.

Ms. Giebink stated that Page 5 shows Capital Funds available of \$46.1 million that's before the \$45 million that we recently borrowed is added in.

On Page 6, of the report shows capital payments by month and source and the Non-Union Defined Benefit Plan assets are also shown under item 5. There is a typo that second column the rate of return should be from 2/28/13 to 2/28/14 or a one year return, not a one month return.

Ms. Giebink noted the attachments to the Monthly Financial Report include the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets as well as the detailed Budget vs. Actual report.

This concluded Ms. Giebink's report.

B. Consideration of Purchase Requisition

Mr. Marshall stated the Committee members have before them two lists of Purchase Requisitions. The first list under the heading Purchase Requisitions Greater Than \$10,000 does not need Committee approval since they were part of the budget. What we do need the Committee's approval on is the second list Purchase Requisitions Greater Than \$50,000 where we have modified what we will be spending the money on.

The first grouping is under Operations and Engineering. At Bucklin Point we had budgeted \$50,000 to replace or rebuild a particular effluent pump and it actually only cost us \$18,000. We would like to use the remaining \$32,000 to do four additional projects which include rebuild some additional pumps, a recirculation and scum pump, replacing some bearing in dry weather pumps and to do some office reconfiguration. We need to show you what we intend to spend the money for and to also show the Committee that we are not going to exceed the original \$50,000 allotment.

Under the Policy, Planning and Regulation Division in the Laboratory we replaced the ICP trace (Inductively Coupled Plasma) equipment which rather than \$114,000 as we originally projected it cost \$109,000 so we would like to use the \$5,000 remaining for the purchase of a new distillation unit. It would still be a total of \$114,000.

The members also have a list of budget transfers for the months of January and February, 2014.

A motion was made by Commissioner Farnum to approve the changes requested. The motion was seconded by Commissioner MacQueen and the vote taken was unanimous. The motion carries.

C. Consideration of Personnel Actions

None.

D. Review and Approval of Resolution 2014:05; Recommendation for Use of Environmental Enforcement Funds

Mr. Marshall advised that the Narragansett Bay Commission (NBC) has been organizing and performing annual Woonasquatucket River Clean-Up Events for over a decade. Last year we expand our River Clean Up program to restore additional rivers, streams, lakes and ponds in or around the NBC service district by providing support to our cities, towns and local water improvement organizations performing Earth Day clean-up activities. Last year’s NBC Earth Day River Clean-up Grant Program proved to be very successful and provided support to 20 clean-up events throughout our service area.

Through this grant program, the NBC was able to provide funding to cities, towns and organizations to purchase bags, gloves, dumpsters and other supplies that are needed for their local clean-up events. The Chairman’s new Earth Day grant program clearly provides goodwill to the cities and towns we serve by supporting their local clean-up events and the environmental benefits were widespread throughout the NBC district.

This year, the NBC continued with the NBC Earth Day River Clean-up Grant Program and solicited proposals from cities, towns and local organizations and we have received an excellent response of applicants yet again. The PP&R Division received and reviewed a total of 21 grant applications from throughout the state, requesting a total of \$16,491.86. Staff reviewed the applications and 20 applicants met NBC grant qualifications. We therefore recommend funding for the following 20 projects in the amounts specified:

ORGANIZATION	GRANT AMOUNT
Woonasquatucket River Watershed Council (4/26/14 event)	\$600.00
Woonasquatucket River Watershed Council (5/10/14 event)	\$600.00
Blackstone Valley Community Action Program	\$600.00
City of Providence	\$750.00
City of Central Falls	\$1,000.00
Friends of the Moshassuck/Neighborhood Alliance of Pawtucket	\$750.00
Environmental Justice League of Rhode Island	\$500.00
Save the Bay	\$750.00
Neutaconkanut Hill Conservancy Inc.	\$500.00
Miss Rhode Island Scholarship Program	\$500.00
Serve Rhode Island	\$500.00
Keep Blackstone Valley Beautiful/Blackstone Valley Tourism Council	\$500.00
Mercy Ecology at New Dawn Earth Center	\$150.00
Town of Cumberland	\$750.00
Cumberland Land Trust	\$500.00

Johnson & Wales University Science Department	\$250.00
City of East Providence DPW/Refuse/Recycling	\$500.00
Edgewood Waterfront Preservation Association "EWPA"	\$500.00
Smithfield Conservation Commission	\$300.00
East Providence Police Explorers Post 750	\$500.00
TOTAL	\$11,000.00

The NBC plans to provide the funds to the grant recipients in time for their 2014 Earth Day Clean-up events. The NBC will be recognized for its sponsorship by the environmental groups, as each grant recipient includes the NBC logo on all advertisements and publications promoting their events. The NBC will also post the dates of each event on the NBC website. In addition the NBC will provide each grant recipient with a supply of reusable grocery bags containing the NBC logo to distribute to their clean-up volunteers to educate the volunteers that the event was sponsored by the NBC.

Mr. Marshall advised that there are adequate funds available in the Environmental Enforcement Fund to support the NBC Earth Day Grant Program. Therefore, we recommend approval of Resolution Number 2014:05 to provide \$11,000 in funding to the above grant applicants for their 2014 Earth Day River Cleanup Events. .

Commissioner MacQueen made a motion to approve Resolution 2014:05; Recommendation for Use of Environmental Enforcement Funds. Commissioner Farnum seconded the motion and the vote taken by the Joint LRP-Finance Committee was unanimous. The motion carries.

4. Other Business

None.

5. Adjournment

A motion to adjourn was made by Commissioner MacQueen, seconded by Commissioner Kimball and the Joint LRP-Finance Committee meeting adjourned at 10:45 a.m.

Respectfully submitted,



Raymond J. Marshall, P.E.
Executive Director/Secretary