

Peter T. Ginaitt
Chairman

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Executive Director



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FINANCE COMMITTEE MEETING MINUTES

THURSDAY, MARCH 15, 2018, 4:30 p.m.
Warwick Sewer Authority Conference Room
125 Arthur W. Devine Boulevard
Warwick, RI 02886

Committee Members present:	Staff present:
Gary C. Jarvis, Committee Chair	Lynn F. Owens, Administrative Coordinator
John Justo	Earl Bond, Maintenance Work Coordinator
Janine Burke-Wells, Executive Director	
Anthony Poole, Admin. Services Manager	

1. Call to Order

At 4:33 p.m. Committee Chairman Gary Jarvis called this meeting to order.

2. Pledge of Allegiance

Those in attendance rose to salute the Flag and to state the Pledge of Allegiance.

3. Approval of Minutes

- a.** Approval of minutes from the February 13, 2018 Finance Committee meeting.

ACTION: Director Burke-Wells moved approval of the minutes as presented. Mr. Justo seconded the motion. Messrs. Jarvis, Justo, Poole and Director Burke-Wells voted in favor of the motion. Motion approved.

4. Fiscal Year 2019 Budget preparation

- a.** Enterprise Fund Operating budget
b. Capital Improvement Program budget

DISCUSSION/ACTION: Committee members reviewed the document entitled "Present and Planned Capital Projects: FY2018-2024". Mr. Bond reviewed with the Committee members the major collection system projects that require funding or are already funded. He stated as WSA

continues to assess the collection system, we find more areas in need of significant repair or replacement; those projects will be added to this listing. Mr. Justo asked for clarification on availability of bond funding for capital projects. Mr. Bond stated in order to borrow funds from the State Revolving Loan Fund, the projects must be listed on the State of Rhode Island's Project Priority List. Director Burke-Wells stated WSA will group together small collection system projects to make borrowing more affordable. Mr. Justo stated he is constantly searching for funds to pay for the replacement of infrastructure. He asked where, from a budgeting perspective, are we preparing for the financial obligation for these projects (forecasting an annual income stream to pay back bond funds). Mr. Jarvis stated the new sewer construction projects are self-funded (through sewer assessments).

Director Burke-Wells stated the goal of WSA's new cost of service billing model was to build up a reserve to pay-as-you-go for infrastructure improvements. She stated WSA hasn't gotten there yet and we are using the fund (for immediate critical infrastructure repairs).

Mr. Bond spoke of conducting an infrastructure risk assessment on the useful life and condition of the sewer system equipment/infrastructure to identify criticality, timeline and anticipated cost of replacement. Mr. Justo stated he is trying to identify a timeline and "process to success" to get to the end game of having that risk assessment done. Mr. Bond is conducting a capital review, to see where we need to go financially. He stated eRPortal is an asset management tool; it is not capable of assessing criticality of the infrastructure. He stated the infrastructure must be evaluated by staff and information must be entered into eRPortal. Director Burke-Wells stated WSA is preparing to deploy field laptops to assist personnel in this process.

Mr. Justo stated he is trying to get an understanding of costs to determine what we need to charge to pay the financial obligation for improvements to our aging infrastructure. He stated he needs to see the projected annual expenditures with the cost of borrowing each year. He expressed his concern, from an accounting perspective, about longevity, revenue earning and becoming financially stable. He stated difficult decisions need to be made.

Chairman Jarvis stated WSA must consider raising rates to increase revenue to pay for replacement of critical infrastructure. He suggested the City consider a one-time citywide fee to pay for infrastructure improvements.

Mr. Justo asked that staff bifurcate the financials, which is going to cause some assumptions; assess everything to its income base (take the income line and match the expenses to that income) so he can see exactly where we are bleeding from.

Director Burke-Wells stated Mr. Bebyn does this exercise during his annual review of WSA rates, breaking out the cost of operations, collections, administration, the cost of repairs, etc. Mr. Justo asked for that actual information for use in adjusting the FY2019 budget. He stated he is thinking of developing new fees (for capital investment and infrastructure repair) and this data will support the need for those fees.

Director Burke-Wells stated Mr. Bebyn will be at the next meeting. Mr. Justo asked if WSA can raise its rates every year subject to an annual cap. He stated revenues have to move in concert with the expenses.

Director Burke-Wells stated staff will conduct a tabletop assessment exercise for capital planning. She stated WSA also has funds in an Industrial Pretreatment account that WSA can use for infrastructure improvements.

Director Burke-Wells stated she did make some cuts to the estimated expenses on the draft FY2019 operating budget but there is still a deficit to be addressed. She stated WSA plans to increase IPP surcharges on January 1st. She stated she will wait for input from Mr. Bebyn on anticipated revenues (decreases are currently projected).

The Committee discussed the accounting of tax sale(s) expenses and income.

**5. Customer Assistance Program/Emergency Assistance Program
Cooperative Effort with the City of Warwick Human Services Division**

DISCUSSION: Update Report

Director Burke-Wells stated staff will meet with the Human Services Division to coordinate WSA's support of the City's emergency assistance program.

6. Incentive Program for Sewer Connections

DISCUSSION: Update Report

Director Burke-Wells stated Mr. Marino made a good suggestion to exclude from the incentive program those new property owners who are mandated to connect. She stated the connect-capable listing is being reviewed for accuracy prior to noticing those customers on the pilot program. She stated WSA has shared the connect-capable listing with local drainlayers, who will help promote the program and sewer connections. Mr. Jarvis suggested WSA reach out to the local realtors to promote the incentive program to those planning to sell their homes.

7. New Business

Introduction of new business to be docketed for an upcoming meeting or to be referred to the executive director or legal counsel for comment.

DISCUSSION/ACTION: No new business introduced.

8. Old Business

- a. Capital Budget Fiscal Year 2018
- b. Renewable Energy Initiatives
- c. FY16 Audit Discussion with Finance Director
- d. Cost of Grinder Pumps for Bayside Sewer Project
- e. Sewer Assessment Methodology/Rate Study Update
- f. Precious metals recovery from sludge

DISCUSSION/ACTION: Referring to Item f, Director Burke-Wells stated WSA did an analysis of its liquid sludge and the level of metals in the sludge was low grade. She stated in any event, the WSA is proceeding with the centrifuge project which will reduce disposal costs. She stated sampling (with additional metals analysis) will be conducted during the centrifuge pilot study in early April.

9. Public Comment Period: No public in attendance to comment.

10. Set next meeting date/time: April 9, 2018, 5:00 p.m.

11. Adjournment

Mr. Justo moved to adjourn. Director Burke-Wells seconded the motion. Committee Chair Jarvis, Mr. Justo, Mr. Poole and Director Burke-Wells voted in favor of the motion. Motion approved.

At 5:41 p.m. this meeting ended.

Gary C. Jarvis, Committee Chairman

Date of Approval

Minutes are recorded pursuant to the Rhode Island General Laws § 42-46-7 for the purpose of capturing all general information relevant to the meeting. For a more comprehensive assessment of minutes, audio files shall be archived with the Warwick Sewer Authority and available upon request.