

KENT COUNTY WATER AUTHORITY

MINUTES OF THE MEETING OF THE BOARD

September 18, 2014

A meeting of the Board of Directors of the Kent County Water Authority was held on the 18th day of September 2014, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Vice Chairman Masterson opened the meeting at 3:30 p.m. Board Members Vice-Chairman Masterson, Mr. Inman, and Mr. Giorgio were present together, along with the General Manager/Chief Engineer Timothy J. Brown, legal counsel Patrick J. Sullivan, Esq., Rate Counsel Robert Watson as well as Finance Director Jo-Ann Gershkoff, Mr. Duscheneau and Mr. Simmons. Chairman Boyer asked to be excused. Mr. Gallucci was out ill. Mr. Masterson led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting of August 21, 2014 were presented for approval. Mr. Inman moved passage, seconded by Mr. Giorgio and the minutes were unanimously approved.

GUESTS

David Drive, Coventry

A discussion regarding David Drive was begun by Attorney Sullivan

Kris Weishaar appeared before the board, as did Mr. Morrissey and Deborah Raspallo. Realtor Dean Detonnacourt also appeared. Ms. Weishaar owns 11 David Drive, and expressed continued frustration with the board that the sale of their property has been held up. There was a lively discussion with all involved. Mr. Sullivan indicated that he had requested a title examination of the roadway in an effort to obtain an easement from the owners. Although he thought he knew the owners, he advised that it was highly prudent to establish the rightful owners to properly grant the easement.

Mr. Morrissey produced a notarized letter that purported to prove that the easement to 11 David Drive from LaForge Drive was legitimate.

Mr. Brown advised the board that it was his opinion that KCWA could install a 6" water line up David Drive given the proper easements. Mr. Masterson discussed the easement. He

opined that he thought it was more than fair that KCWA install the water line at the cost of KCWA. Mr. Brown added that it was unusual for KCWA to install a water line on private property, but added that this is an unusual situation.

Mr. Morrissey was an owner of the roadway and suggested he would sign the easement.

Mr. Sullivan advised if he could secure the signatures on the easement, the closing of 11 David Drive may be able to take place as the buyers could escrow the funds to connect to the water line.

Mr. Inman moved and seconded by Mr. Giorgio to authorize the general manager to contract to install a 6" water main the length of David Drive upon receipt of a grant of a utility easement from all the owners.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the general manager is authorized to contract to install a 6" water main the length of David Drive upon receipt of a grant of a utility easement from all the owners.

LEGAL MATTERS

Legal Counsel Mr. Sullivan reported on the Central Coventry Fire District. He advised the board that the next hearing on the state appointed receiver that was scheduled for early August has been continued to September 29, 2014. Mr. Brown updated the board on the amounts due and owing. All pending motions will be heard at that time.

Mr. Sullivan then advised the board that he had been contacted by an attorney regarding the issue at the Super 8 and the Best Western motels. They had been put on notice by KCWA that they were having their service terminated for non compliance with the regulations. Mr. Sullivan reported that he expected to be notified of a court hearing to stop the shutoff. He promised to advise the board of the situation.

Mr. Sullivan also reported on the problems on Lakeside Drive in Coventry. Mr. Sullivan informed the board that he had indeed sent letters to all residents on the roadway. He further informed that it was the belief of a Mr. Hackanson, who is/was the president of the Tiogue Lake Association, that there is a dam under the roadway that extends from the spillway down the edge of Tiogue Lake. He advised that Mr. Hackanson told him the town of Coventry could not put sewers in front of their property as a result of the dam, and the town connected the homes on Lakeside Drive to the sewers from the rear of their Lakeside Dr. properties with easements from their back door neighbors.

Mr. Sullivan also updated the board regarding the receivership of the Commerce Park Properties at the Centre of New England. He reported there were no significant issues except some occasional court sparring on matters unrelated to KCWA and our continuing claim. Mr. Brown indicated that the management company was paying the water bills as they came due.

Mr. Sullivan updated the board on the situation at 642 Washington St., Coventry. He informed the board that he had filed suit in Superior Court against the owners of the property for a prescriptive easement and trespass on the easement. He added that all parties had been served and extensions to answer the complaint were requested. He expected the case to be answered prior to the next meeting and the discovery to begin thereafter.

Director of Finance Report:

Jo-Ann Gershkoff, Finance Director, explained and submitted the financial report. Cash Receipts and Disbursements FY 2014-2015 as of August 31, 2014, and statement of cash location 2014-2015, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Giorgio moved and seconded by Mr. Inman to accept the reports and attach the same as an exhibit and that the same be incorporated by reference and be made a part of these minutes.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Statement of Cash Location and Cash Receipts and Disbursements FY 2014-2015 as of August 31, 2014 attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Vice Chairman Masterson advised the board that he met with the East Greenwich town manager, along with the town engineer and planner and had a good discussion regarding water on South County Trail. Vice Chairman reported that all in attendance approved.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Rate Case Discussion

The general manager discussed his meeting that day with the consultant, but the meeting was postponed, as the models weren't ready. He discussed the FY 15-16 rate case. He explained that the rate case would address such matters as fixed charges increase versus volume resulting from fluctuation in sales. Seasonal rates will be looked at as required by law. In addition, a multiple year rate will be looked at so as to reduce the frequency of rate cases. He added that the case would look at the meter program, as they are reaching their twenty (20) year useful life.

Mr. Brown continued the discussion, saying that an increase in personnel would be looked at, including 2 plant operators, and one accountant, a computer IT position as the software is becoming more complex. He added that wage increases would also be part of the rate case. Known and measurable changes in the budget would be addressed. There would be a

discussion regarding setting up a trust for a dedicated medical plan, which could offset the cost of OPEB benefits. Other matters that would be part of the rate case include capital and IFR plans, a small conservation program, a \$100,000.00 cash capital restricted reserve fund, tariff changes as well as another shift at the treatment plant. Finally, Mr. Brown suggested that absorbing the credit card charges could be part of the rate case as well.

Bid Award IFR 2014A

Mr. Brown presented a map that outlined the work that was part of the bid award. The largest portion was Toll Gate Road in Warwick. He added that he was pleased with the bids. He recommended that the bid be awarded to Boyle and Fogarty in the amount of \$5,749,145.00.

Mr. Inman moved and seconded by Mr. Giorgio award the IFR 2014A bid to Boyle and Fogarty in the amount of \$5,749,145.00.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the KCWA awards the IFR 2014A bid to Boyle and Fogarty in the amount of \$5,749,145.00.

D'Ambra Billing – Legal Action Required

Mr. Brown again discussed the outstanding billing to D'Ambra Construction that remains unpaid. Mr. Brown suggested that the board give Mr. D'Ambra two weeks to pay and the interest would be waived. If not, he suggested that the board refer the matter to Mr. Sullivan for collection.

Mr. Giorgio moved and seconded by Mr. Inman to authorize legal counsel to collect the amounts due and owing from D'Ambra Construction after notice from the general manager giving them two weeks to pay the amounts due with the interest waived.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That legal counsel is authorized to collect the amounts due and owing from D'Ambra Construction after notice from the general manager giving them two weeks to pay the amounts due with the interest waived.

CAPITAL PROJECTS:

CIP 1C Mishnock Well Treatment Plant (Construction Status)

The general manager reported that Wright Pierce is looking for additional fees. He added that although they were looking for just under \$100,000.00 Mr. Brown negotiated \$55,592.60 as full payment. Mr. Inman asked if he thought it was fair in Mr. Brown's professional judgment. Mr. Brown thought it was, however he added that the ultimate decision was up to the board. Mr. Giorgio added that he thought KCWA shouldn't pay any additional funds whatsoever.

Mr. Inman moved to accept the negotiated amount in settlement. Mr. Giorgio seconded only for discussion. A lively discussion ensued amongst the board. Mr. Giorgio queried if Wright Pierce had finished \$100,000.00 less than the contracted amount, would they return any funds to KCWA. Mr. Masterson suggested that if the matter were rejected, perhaps Wright Pierce would come back to the negotiation table.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the settlement with Wright Pierce in the amount of \$55,592.60 was unanimously rejected.

INFRASTRUCTURE PROJECTS

IFR 2010B Prospect Hill (Construction Status)

Mr. Brown informs the board that construction is ongoing. He added that all pipes should be in the ground in the next two weeks or so

Quaker Lane Pump Station Upgrade (Status)

Mr. Brown reports that the punch list is underway and the project should be complete soon. There was a problem with three pumps. One pump was removed as it froze from corrosion. It appears to have an improper coating on it. There are only two pumps working now. The engineer has taken samples and the coating issue is being investigated.

Also, Mr. Brown discussed the issue of liquidated damages. Notwithstanding the last position of the company, Mr. Brown reports that there has been no negotiation; the contractor wants all the money. Mr. Brown added that his final payment would not contain the liquidated damages portion of funds owed to KCWA.

Apponaug Circulator Water Main Replacement (Status)

Mr. Brown reported the project has started. The water main is in the process of being installed.

System Chlorinators, Addition to Clinton and Quaker PS

Mr. Brown reports that KCWA is in the process of purchasing equipment for installation by staff.

Hydraulic Model Upgrade

Mr. Brown reports that the project is underway and awaiting field calibration.

East Greenwich Refurbishment

Mr. Brown reports that there was an emergency repair of the screen and pump. Mr. Brown declared an emergency repair for the screen and pump for this facility. Task Order #3 will be cancelled as the screen collapse is non repairable. He advised the board that the well needs to be replaced, and there may be permitting problems. He concluded with the fact that the well needs to be online as soon as possible.

2014/2015 IFR

Mr. Brown informed the board that two of these will be bid in winter. He added that there remains plenty of crumbling infrastructure, breaks and pipes rupturing.

Joint Water Allocation

Mr. Brown requested that the board add this topic for discussion purposes only.

Mr. Inman moved, and seconded by Mr. Giorgio to add the Joint Water Allocation to the agenda for discussion purposes only.

Upon Motion duly made and seconded, it was unanimously,

VOTED: That the Joint Water Allocation is added to the agenda for discussion purposes only.

Mr. Brown advised the board that he went to Joint Water Allocation and Technical Committee meeting regarding the Hunt River. He advised that the program is designed to reduce the amount of water we take from our well. Mr. Inman asked if it affects our supply. Mr. Brown said it would reduce our supply significantly. Mr. Brown added that KCWA had no riparian rights, as he was told. Mr. Brown added that we would have our representatives at these meetings. He added that water has been drawn from this well continuously since the late 1880s

There being no further business before the board, Mr. Inman moved, seconded by Mr. Giorgio to adjourn the meeting.

Dated: October ____, 2014

Legal Counsel