

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

June 15, 2017

A meeting of the Board of Directors of the Kent County Water Authority was held on the 15th day of June 2017, at 3:30 p.m. at the offices of the Authority in West Warwick, RI, in the Joseph D. Richard Board Room.

Chairman Robert Boyer opened the meeting at 3:30 p.m. Board members, Vice-Chairman Peter Masterson, Treasurer Joseph Gallucci, Secretary Scott Duckworth and Frank Giorgio were all present together, along with the General Manager/Chief Engineer Timothy J. Brown, Legal Counsel Patrick J. Sullivan, Esq., Director of Technical Services John Duchesneau and Director of Finance and Administration Michael Lanfredi. Mr. Masterson led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on May 18, 2017 and the special meeting held June 7, 2017 were presented for approval. Mr. Giorgio moved, seconded by Mr. Duckworth, to approve all minutes before them. The minutes were unanimously approved, however, with Mr. Duckworth recusing from the vote on the June 7, 2017 minutes.

Miscellaneous:

Mr. Brown informed the board that an employee of KCWA was seriously injured in an accident on Tiogue Ave. and was brought to KCMH by rescue. The Chairman directed that he would present a full report at the next meeting.

Mr. Steven Fandetti

Mr. Fandetti asked the board if he could be heard. He indicated that he owned a 3 unit residential home that he is having problems with restoring water service. He said it had water previously and he had paid all his invoices and cannot understand why he cannot get it turned back on. He said he tore the building down. He said he was under contract to sell the real estate and dropped the paperwork off 2 weeks ago and was told yesterday that there wasn't enough pressure in the street.

Mr. Brown said if it is the same use and not an increase in use, the existing service can be used.

There was a general discussion among the board members and Mr. Fandetti, and Mr. Brown advised he would consider the matter first thing in the morning. Mr. Duckworth told Mr. Fandetti that he would call him personally the next morning with the results of the inquiry.

Legal Matters

Mr. Sullivan first spoke of the encroachment issue. He said he had filed a trespass complaint against the encroaching parties in court, and then reported that the debris had been removed, so the case was dismissed.

Mr. Sullivan then went onto the issue of KCWA v. Cardi. He explained that when Cardi answered the case, they filed a separate complaint against the State saying if Cardi were found responsible, it was really the State's fault. He said a motion by Cardi to serve DOT out of time was scheduled for the following week. Once the state is in the case, the case will go to mediation.

Mr. Sullivan advised that KCWA v. Colbea was down for July, 2017 for decision. He said all papers and affidavits were in, but the recent RI Supreme Court case involving Misquamicut beach case made acquiring a prescriptive easement over the property of another much more difficult. The judge presiding over the Colbea case was the same trial judge in that case.

He went on to say that there was no action in the CONE receivership.

He also added that he was contacted by Mr. Olivera from Homestead Condominiums after he sent notice to the association about the continued lack of conformance with the rules. He said that he outlined the problems and told the representative that this will impact future sales and to treat the letter as a courtesy notice.

Director of Finance Report:

Mr. Lanfredi, Finance Director, explained and submitted the financial report. He reported on the Cash Receipts and Disbursements and Statement of Cash Location FY 2016-2017 as of May 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of May 2017, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Masterson moved, seconded by Mr. Duckworth, 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 Cash Receipts and Disbursements and Statement of Cash Location FY 2016-2017 as of May 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of May 2017, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

There was nothing to report under this heading.

East Greenwich Well

Mr. Brown raised the issue of improper use of material in drainage by a subcontractor of Zoppo Construction in the floor. He said that Arden Engineering installed a cast iron sanitary drain pipe under a slab of concrete when the contract required PVC pipe because of chemicals in that facility. He said it was installed without a shop drawing. He discussed a letter from Arden indicating that cast iron is superior and more expensive than PVC and that KCWA should accept it. Mr. Brown went on to say they tried to see if they could line the pipe with a suitable material but they were unable to find any linings. He added that Zoppo should follow the specifications. He said KCWA has a contract with Zoppo and not Arden and that it is really Zoppo's battle with Arden.

Chairman Boyer indicated that he has 4" cast iron pipe in his house and portions of the bottom are rotting out.

Mr. Masterson said he liked the building but the pipe must be removed. Mr. Duckworth agreed, adding that it was clear in the specifications.

Mr. Duckworth moved to require the removal and replacement of the cast iron pipe with PVC per the specifications.

Upon motion duly made and seconded, it was unanimously

VOTED: That KCWA requires Zoppo Construction to remove and replace the cast iron pipe with PVC per the specifications.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Review and Approve Counsel Billing May 2017

Mr. Brown presented the Sullivan & Sullivan counsel bill for the prior month for approval. Mr. Brown indicated he did so as he wasn't involved in some of the billing entries. Chairman Boyer indicated that he picks up the phone and calls Mr. Sullivan for KCWA related reasons.

Mr. Masterson said if someone calls Mr. Sullivan the rest of the board should know about it.

Mr. Duckworth moved, seconded by Mr. Giorgio, to accept the invoice.

Upon motion duly made and seconded, it was unanimously

VOTED: That the legal invoice by KCWA is approved for payment.

Warwick Water, Forge Road Meter Pit Testing

Mr. Brown reports that there is a problem with Warwick Water's interconnector valve with North Kingstown. He said after two turns, the valve broke. He said it may have been repaired already. He added that it was a good thing they found the valve faulty in a non-emergency situation so it can be repaired.

Cardi Billings, Angell & Dawes Street Non-Payment Board Action Required

Mr. Brown reminded the board that this was a paving project in West Warwick, where Cardi used a big roller and popped KCWA mains. West Warwick promised payment and haven't paid yet. Chairman Boyer added that he spoke to someone at the town hall and they are looking into it.

INFRASTRUCTURE PROJECTS

Apponaug Circulator Water Main Replacement

Mr. Brown said that the circulator is operating. Work is ongoing and being monitored by KCWA.

East Greenwich Well Refurbishment

Mr. Brown said that the town of East Greenwich wants to put sewers on the street on Chestnut Drive. All KCWA was required to do was to trench patch. He said EG wants a donation of KCWA's final paving bid item for this project and Mr. Brown recommended that the board provide the \$36,250.00 to the town for the paving of the entire street.

Mr. Masterson moved, seconded by Mr. Duckworth, to donate the final paving bid item of \$36,250.00 to East Greenwich for paving of the Chestnut Dr., with an agreement drafted up by counsel.

Motion made and duly seconded, it was unanimously

VOTED: That KCWA shall donate the final paving bid item of \$36,250.00 to East Greenwich for paving of the Chestnut Dr., with an agreement drafted up by counsel.

IFR 2014A

Mr. Brown reports that paving has begun for the season. The project is moving to completion with only Sandy Bottom Road remaining.

IFR 2014B

Mr. Brown reports that construction is finalizing with the last 3 streets in the Legris Ave. area.

IFR 2015A

Mr. Brown reports that construction in the west Pontiac area with temporary and permanent mains going in.

IFR 2015B

Mr. Brown reports this project has started for the construction season but work hasn't begun.

IFR 2016 Design (Project Status)

Mr. Brown updated the Board that KCWA has reviewed design for layout and routing. He reported that KCWA will combine efforts in the East Main Street area with the town and it will save both parties money.

CAPITAL PROJECTS

Mishnock Area Transmission Main, Design Revision (Spring Start)

Mr. Brown indicated that construction has begun for Spring 2017. He said the contractor is laying 240' to 340' of pipe each day, with about 1000' to go. He said testing is being done in segments.

Water Main North/South Interconnection High Service

Design services ongoing.

FY 17/18 Budget Approval

Mr. Brown began the discussion with an overview of the topic. He said he presented a balanced budget, which includes elements of the recent rate case with stabilized sales. He said the budget proposal didn't include the step increases that were allowed in the rate decision. He said the budget followed the Strategic Plan adopted by the board in 2014. He went on to discuss the budget policy and gave a general discussion of the direction of the KCWA.

He followed with an overview of the capital improvement projects as well as the infrastructure improvements currently underway reminding the board that there was quite a bit of work in progress. He went on to summarize the budget and its parts. He spoke of the income and expenses contained in the budget as well as the funding of restricted account allocations, both from the bond document and from the PUC. Mr. Brown went on to discuss the reserve accounts.

He then discussed all revenues from all sources, both operating income as well as non-operating income, with the total revenue being \$22,521,600.00.

Then Mr. Brown discussed expenses of the KCWA contained in the budget, including transmission and labor expenses, and administrative expenses. There was discussion of the meter replacement program. Mr. Duckworth discussed increases in the line items as resulting from the rate case. The Chairman and Mr. Brown then discussed the treatment plant and its move to self-sufficiency.

Mr. Brown went on to discuss infrastructure replacement and the capital budget in greater detail, and then went on to the professional services portion of the budget. He went on to discuss employee benefits and discussed a new insurer in the worker's compensation market, the Hartford. There was lively discussion among the board on whether to remain with Beacon Mutual or shift to Hartford for the insurance coverage. Mr. Duckworth opined his inclination to move to the Hartford, and that would make Beacon more competitive the following year. There was savings to KCWA as well, although the amount was nominal. There was also discussion of the recent workplace accident that will indeed affect rates at some point. The advantages of locally based Beacon were discussed as was the relative sizes of the companies.

Mr. Gallucci moved, seconded by Mr. Giorgio, to change worker's compensation insurers and accept the proposal from the Hartford.

Upon vote duly made and seconded, it was unanimously

VOTED: That KCWA shall change worker's compensation insurers and accept the proposal from the Hartford.

Then there was a discussion of the salaries of the employees and Mr. Brown discussed his proposal of giving raises to employees and no raises to others who needed to be pushed. He discussed several individual position's pay rates and proposed increases and added that the overall increase he proposed was a 2.3% increase over last fiscal year.

There was also further discussion on last month's decision to change the deductible plan on the blue cross/blue shield plan.

Mr. Duckworth then moved, seconded by Mr. Masterson, to approve the salary increases as presented and proposed by Mr. Brown.

Upon motion duly made and seconded, it was unanimously

VOTED: That KCWA approves the salary increases (2.3% gross) as presented and proposed by Mr. Brown.

Mr. Brown then left the room and the board discussed Mr. Brown's raise/compensation. Mr. Duckworth reminded the board that Mr. Brown is retiring this year and that should factor into the decision. Mr. Gallucci reminded the board that Mr. Brown is wearing both hats of general manager as well as that of chief engineer, and his compensation should reflect the double duty. There was a general discussion of amounts and percentages and calculations were conducted.

Mr. Gallucci moved, seconded by Mr. Masterson, to increase Mr. Brown's salary to \$190,000.00.

Upon motion duly made and seconded, it was unanimously

VOTED: Mr. Brown's salary shall be set at \$190,000.00.

Mr. Gallucci then moved, seconded by Mr. Masterson, to approve the remainder of the budget as presented and proposed by Mr. Brown.

Upon motion duly made and seconded, it was unanimously

VOTED: The remainder of the budget proposed and presented by Mr. Brown was approved.

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

Dated: July ____, 2017

Patrick J. Sullivan
Legal Counsel