

KENT COUNTY WATER AUTHORITY

MINUTES OF THE REGULAR MEETING
OF THE BOARD

December 21, 2017

A meeting of the Board of Directors of the Kent County Water Authority was held on the 21st day of December 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 Mr. Crossman 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. Also in attendance was Treatment Manager/Water Project Engineer Dave Simmons. Ms. Shekarchi, Rate Counsel, was also present and she led the group in the pledge of allegiance.

APPROVAL OF THE MINUTES

The minutes of the regular board meeting held on November 16, 2017 were presented for approval. Mr. Duckworth moved, seconded by Mr. Crossman, to approve the minutes. The minutes were unanimously approved.

GUESTS:

Bradford Soap

Attorney John Revens appeared representing Bradford Soap. Mr. Brown led the group with an overview of the billing amounts owed and gave a procedural history, along with Ms. Shekarchi, Rate Counsel for KCWA, of the dispute currently pending before the Division. He added that Mr. Revens had forwarded a proposal to the board to resolve the billing dispute for \$50,000.00.

Mr. Revens addressed the board. He described his relationship with the principals of the company and described the leak. He said no one can know how long the leak was there, but said the company did not benefit from the water passing through the meter. He said he recommended the offer to settle for reasons that include the fact that in litigation, there are no certainties in the outcome. He also covered the issue of trust which he attributed to a misunderstanding, and that

the company had no benefit of the use of the water. He said he was convinced that no one had knowledge of the leak nor the use of the water.

Chairman Boyer asked about the multiple services to the building. Mr. Brown said each service requires a back flow preventer. Mr. Revens said the company has put that item in their budget for next year. There was also discussion of the utilization of a master meter, which would require only one back flow preventer.

Mr. Brown gave a historical analysis of each service and what each did. He also said he had reached an agreement with Bradford Soap that with a three hour notice, KCWA employees can have access to the interior of the building.

Mr. Duckworth asked if the amount owed was the result of a meter reading. Mr. Brown said yes, and the amount owed with interest is currently \$86,619.00.

Chairman Boyer discussed the potential of reducing the bill by twenty five (25%) percent.

Mr. Masterson asked about the dates for hearing. He also said the offer of settlement didn't seem equitable to him. He said ratepayers would have to absorb the difference. He said he recalled a young couple who had a leak in the street and the board, although wanting to help, couldn't help them out. He said once the water went through the meter, it was billable.

Chairman Boyer cited the potential of additional legal fees and further litigation.

Mr. Duckworth asked about the interest, to which Mr. Brown said \$5,000.00 represented the interest. Mr. Duckworth also said that there were questions raised. Why was KCWA refused entry into the building. He also said why would KCWA give away water the same week the other ratepayers were looking at a 5% increase. He asked how he could explain that to ratepayers in Coventry.

Mr. Gallucci said he liked to approach these matters in consistent ways. What would KCWA do in similar instances. He said he predicted increase in legal fees. He suggested to add interest to the offer of settlement.

Mr. Masterson said he would prefer to go to the hearing.

Mr. Duckworth suggested he could support \$65,000.00 as a settlement. He said he predicted that this would be the resolved amount even if it goes to Division.

Mr. Brown predicted that if the water went through the meter, Division would uphold the billing. He said they would probably waive the interest.

There was further discussion about letting the process play out before the Division, and/or having Mr. Revens making another offer to resolve it.

Mr. Duckworth moved, seconded by Mr. Masterson, to reject the offer of settlement.

Motion duly made and seconded, it was unanimously

VOTED: That the offer of settlement by Bradford Soap for \$50,000.00 is rejected.

Walker Ridge Homeowners Association

Mr. Duckworth said he sent the agenda to the email list notifying the homeowners that this matter would be on the agenda for this meeting. No one showed. He did inform the board that he had a preliminary hearing at the Coventry Town Hall with the group. He said he did inform them that KCWA has never taken over a private water system and would not be inclined to start. He said he told the town council that they should tighten up their regulations with regard to private water systems.

Legal Matters

Mr. Sullivan discussed the litigation entitled Conservation Law Foundation v. KCWA and Burrillville v. KCWA [PC2017-1037 and PC2017-1039]. He discussed the progress of the case and the developments since the last meeting. He said he didn't attend two depositions as the questions asked would be the same, so he just ordered the transcripts and reviewed them. He said there was a deposition scheduled with a trucking company that was rescheduled. He said there were some communities who were slow in filing their answer, and they were all filed now.

Mr. Sullivan said that the Cardi matter is ongoing and the State owes Mr. Sullivan production of documents and interrogatories. He said he is still working toward mediation.

Mr. Sullivan also said he had discussions with counsel for the Rite Aid landlord. He said Mr. Walsh promised to get a copy of the insurance policy to ensure the provisions regarding 30 days notice to KCWA concerning cancellation were contained in the policy.

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 2017-2018 as of November 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of November 2017, attached as exhibit "A", and a thorough discussion ensued with regard to the sales and revenue.

Mr. Gallucci moved, seconded by Mr. Masterson, 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 2017-2018 as of November 2017 and Statement of Revenues, Expenditures, and Changes in Fund Balance as of November 2017, attached as exhibit "A", be approved as presented and be incorporated herein and are made a part hereof.

Point of Personal Privilege & Communication

Chairman Boyer said that KCWA was a great organization. He said that the current board members were more active in the operations of the authority than past members and he thought that was a good thing. He said it made for great team work. He thought KCWA has to promote itself more than it is now. He spoke again of the power point presentation. Mr. Brown said that work is underway.

Mr. Duckworth commented on the high quality of the water. He said he was at an event in Connecticut and the water actually smelled like chlorine. He said he couldn't drink it.

GENERAL MANAGER/CHIEF ENGINEER'S REPORT

GENERAL:

Utility Conflict King Fisher & Osprey Drive, Coventry, Action Required

Mr. Brown updated the Board on this matter. He said there had been no progress. He said they were waiting for the Town of Coventry to dig a test pit and was unclear if they did it or not. He said with the weather, the matter should be put off until after the winter.

Valley Country Club

Mr. Sullivan advised the board of his work on the Valley Country Club matter. He said he received an email from Mr. Harrington with test results on the meter. The results were that the meter was running fast. Mr. Brown performed a calculation which resulted in a reduction in the amount due by just over two thousand dollars. Mr. Brown said the meter was running 3.8% fast. He said their bill was currently \$65,283.55.

Mr. Sullivan said the offer of settlement from Mr. Harrington included payment of \$40,000 over five years, with the stopping of ongoing interest. The board discussed the matter and its parallels with the Bradford Soap matter.

Mr. Duckworth moved, seconded by Mr. Masterson, to reject the offer of settlement by Valley CC.

Motion being made, and duly seconded, it was unanimously

VOTED: That KCWA rejects the offer of settlement by Valley Country Club.

Step Increase Rate Filing - Review

Mr. Brown explained that the PUC approved the step increase of 4.73% without a hitch. He said the increase would be gradually incorporated into the rate.

Staffing Issues KCWA

Mr. Brown discussed this item. He said three people were out, one on workers compensation and two on TDI. He said one on TDI was to return on January 2, 2018. He said all workers should be returned to work by March 2018.

Bid Approval – Vehicle Purchase Replacement Van 16

Mr. Brown said one bid was received for the van RFP from Liberty Chevrolet in MA. He said the bid was \$30,762.00. Mr. Brown said he recommended approval.

Mr. Gallucci moved, seconded by Mr. Masterson, to approve the bid and purchase the vehicle.

Upon motion duly made and seconded, it was unanimously

VOTED: That the bid in the amount of \$30,762.00 by Liberty Chevrolet was approved.

INFRASTRUCTURE PROJECTS

East Greenwich Well Refurbishment

Mr. Brown reported that most of the punch list was completed. He said there is an electronic issue with the heat sensor in the well motor. He said paving would be completed in the spring. Removal of the paint on the fence and replacement with the correct coating remains to be done as well. He said there was also an unsuitable materials issue that the engineer

rejected. He also informed the board that there was a total coliform positive on the raw water last week but was isolated from the system, all part of the re-chlorination process, and that the follow up samples came back fine.

Mr. Masterson also wanted to address the gate issue he spoke about at the last meeting. He said the gate wasn't plumb, not that it wasn't straight.

IFR 2015A

Mr. Brown reports that construction was in winter shutdown

IFR 2015B

Mr. Brown reported that the last four connections were supposed to be completed that day. He said from now on he wanted to end all construction work on November 15 with 30 days to clean up. He said one couldn't rely upon the weather. He said there were some issues with the services and that he wasn't pleased with the contractor.

IFR 2016 Design (Project Status)

Mr. Brown updated the Board that design services were complete and the project was broken into three contracts.

2016A at 6.6 million

2016B at 5.1 million

2016C at 1.5 million

CAPITAL PROJECTS

Water Main North/South Interconnection High Service

Design services almost complete. He said the cost would be 12 million to complete, of which KCWA had 7 million on hand.

Mr. Brown then advised the board about the Hilltop area in Warwick. He advised the board that there have been numerous leaks in the area. He said an examination of the pipe in that area shows it is delaminating and needs to be cleaned up. He said he would like to issue a RFP and handle this as a single contract and that he thought he could get this done with the existing IFR. He said the pipe beneath the Veterans Square bridge should be included with that RFP as well.

He said it would be his recommendation not to act on task order #2.

There being no further business before the board, Mr. Duckworth moved, seconded by Mr. Crossman, to adjourn the meeting. The vote was unanimous in the affirmative.

Dated: January ____, 2018

Patrick J. Sullivan
Legal Counsel